

Dave Yost • Auditor of State



# OHIO AUDITOR OF STATE KEITH FABER



January 22, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

Ohio Auditor of State

A handwritten signature in cursive script that reads "Keith Faber".

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NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY

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NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Passed Through Ohio Department of Education</i>		
<b>Title I</b>		
Title I Grants to Local Educational Agencies	84.010	\$ 1,111,133
Title I Grants to Local Educational Agencies	84.010	2,268,226
<b>Total Title I</b>		<u>3,379,359</u>
<b>Special Education Grant Cluster</b>		
Special Education_Grants to States	84.027	192,451
Special Education_Grants to States	84.027	1,205,306
<b>Total Special Education_Grants to States</b>		<u>1,397,757</u>
Special Education_Preschool Grants	84.173	4,684
Special Education_Preschool Grants	84.173	34,586
<b>Total Special Education_Preschool Grants</b>		<u>39,270</u>
<b>Total Special Education Grant Cluster</b>		<u>1,437,027</u>
<b>21st Century Community Grant</b>		
21st Century Community Learning Centers	84.287	29,267
21st Century Community Learning Centers	84.287	685,657
<b>Total 21st Century Community Grant</b>		<u>714,924</u>
<b>Improving Teacher Quality State Grants</b>		
Improving Teacher Quality State Grants	84.367	60,223
Improving Teacher Quality State Grants	84.367	256,028
<b>Total Improving Teacher Quality State Grants</b>		<u>316,251</u>
<b>Student Support and Academic Enrichment Program</b>		
Student Support and Academic Enrichment Program	84.424	37,960
<b>Total U.S. Department of Education</b>		<u>5,885,521</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<i>Passed Through Ohio Department of Education</i>		
<b>Child Nutrition Cluster</b>		
Non-Cash Assistance (Food Distribution):		
School Breakfast Program	10.553	83,205
National School Lunch Program	10.555	194,145
<b>Non-Cash Assistance Subtotal</b>		<u>277,350</u>
Cash Assistance:		
School Breakfast Program	10.553	859,894
National School Lunch Program	10.555	1,574,499
<b>Cash Assistance Subtotal</b>		<u>2,434,393</u>
<b>Total Child Nutrition Cluster</b>		<u>2,711,743</u>
<b>Total U.S. Department of Agriculture</b>		<u>2,711,743</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 8,597,264</u>

The accompanying notes are an integral part of this schedule.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Newark City School District (the District's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE D – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Newark City School District  
Licking County  
621 Mount Vernon Road  
Newark, Ohio 43055

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2018, wherein we noted Newark Digital Academy, one of the District's discretely presented component units, ceased operations effective June 29, 2018. We also noted the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

***District's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 19, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Newark City School District  
Licking County  
621 Mount Vernon Road  
Newark, Ohio 43055

To the Board of Education:

### ***Report on Compliance for each Major Federal Program***

We have audited the Newark City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Newark City School District's major federal programs for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

The District's basic financial statements include the operations of Newark Digital Academy and Par Excellence Academy, which expended \$287,751 and \$400,458, respectively, in federal awards which is not included in the District's Schedule of Expenditures of Federal Awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of Newark Digital Academy and Par Excellence Academy because the component units are legally separate from the District and because they expended less than \$750,000 of Federal awards for the year ended June 30, 2018, it was not subject to Uniform Guidance.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe our audit provides a reasonable basis for our compliance opinion on each of the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on each Major Federal Program***

In our opinion, the Newark City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2018.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect each major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have also audited the financial statements of the governmental activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of Newark City School District, Licking County (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 19, 2018, wherein we noted Newark Digital Academy, one of the District's discretely presented component units, ceased operations effective June 29, 2018. Our opinion also explained that the District adopted *Governmental Accounting Standard No. 75* during the year. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 19, 2018

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**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster  21 <sup>st</sup> Century Community Learning Centers, CFDA 84.287.
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Finding 2018-001**

**Finding for Recovery- Unallowable Travel Expenditure, Repaid Under Audit**

*State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951), provides that governmental expenditures should serve a public purpose. In *McClure*, the Ohio Supreme Court offered the following guidelines to determine a public purpose:

1. Whether the expenditure is for or promotes the public health, safety, morals or general welfare;
2. Whether the primary objective is to promote a public purpose, although it may incidentally advance a private interest;

NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018  
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**Finding 2018-001 (Continued)**

**Finding for Recovery- Unallowable Travel Expenditure, Repaid Under Audit (Continued)**

3. If there has been a prospective legislative determination of a proper public purpose.

The District's Board of Education has established Policy 6423 that covers the use of Credit Cards for District purchases and specifically excludes alcoholic beverage purchases as allowable for the proper public purchase.

In June 2017, Ms. Maura Horgan, Director of Curriculum and Staff Development, participated in the Innovative Schools Summit in Las Vegas. Included in her expenditures for the trip paid by the District's credit card, Ms. Horgan expended \$8 plus tax and gratuity for the purchase of an alcoholic beverage. The Treasurer's Office has calculated that the District incurred \$1.44 for gratuity and \$.66 for sales tax, totaling \$10.10.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Maura Horgan in the amount of \$10.10, and in favor of the District's General fund, in the amount of \$10.10.

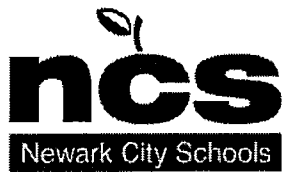
On August 31, 2018, Maura Horgan remitted \$10.10 to the Treasurer's Office. The deposit was posted to the District's General fund on the same day. As a result, we have determined this Finding for Recovery is fully repaid under audit.

**Official's Response-** See Corrective Action Plan.

**3. FINDINGS FOR FEDERAL AWARDS**

None.





**Administrative Service Center**  
 621 Mount Vernon Rd  
 Newark, OH 43055  
 www.newarkcityschools.org  
 740-670-7000

**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**June 30, 2018**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Employee was notified once the item was found and required to repayment the District. This was completed on August 31, 2018 and deposited back into the General Fund. Both the employee and their Administrative Assistant were reminded of the ORC Code that prohibits these purchases and to better closely monitor receipts and purchases before and after the use of the District Procurement Cards.	08/31/2018	Julio Valladares

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**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

OF THE

**NEWARK CITY  
SCHOOL DISTRICT**

FOR THE

**FISCAL YEAR ENDED JUNE 30, 2018**

**PREPARED BY  
TREASURER'S DEPARTMENT  
JULIO VALLADARES, TREASURER/CFO**

**621 MOUNT VERNON ROAD**

**NEWARK, OHIO 43055**

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**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Administrative Service Center**  
621 Mount Vernon Rd.  
Newark, OH 43055  
www.newarkcityschools.org  
740-670-7000

December 19, 2018

To the Citizens and Board of Education of the Newark City School District:

We are pleased to submit to you the eighteenth Comprehensive Annual Financial Report (CAFR) of the Newark City School District (the "District"). This CAFR, which includes an opinion from Ohio Auditor of State, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rest with the District's management. To the best of our knowledge and belief, this CAFR and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

State statute requires an annual audit by independent accountants. The Ohio Auditor of State's office conducted the audit. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and include a review of internal controls and test of compliance with Federal and State laws and regulations. The Independent Auditor's Report is included in the CAFR.

This transmittal letter is designed to provide historical information about the District, as well as complement the required Management's Discussion and Analysis (discussed below). Unless noted otherwise, the financial data in this transmittal letter is presented on the modified accrual basis of accounting. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The District's MD&A, which focuses on the government-wide statements, can be found on page 17 of the financial section of this report.

## **PROFILE OF THE SCHOOL DISTRICT**

The City of Newark, the county seat of Licking County, is located approximately 33 miles east of Columbus in the central part of the State. The District serves an area of approximately 19 square miles and approximately 50,965 residents.

In the spring of 1802, General William Schenk platted around the ancient mounds of Central Ohio a settlement named after his hometown of Newark, New Jersey. There were many salt licks in the area and by 1808 the area known as Licking County was founded. In 1809 the first school was started in the Courthouse on the north side of the Town Square. James Maxwell was the first schoolteacher in this floorless room. The first official body designated as the Newark City Board of Education was formed in 1848.

The Board of Education (the "Board") of the District is composed of five members elected at large by the citizens of the District. The Board serves as the taxing authority, contracting body, and policy initiator for the operation of the District. The Board is responsible for the annual operating budget and approves all expenditures of the District. The Board is a body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code, and has only those powers and authority conferred upon it by the Code.

During fiscal year 2018, the District had 6,253 students enrolled in eleven schools: Carson Elementary, Cherry Valley Elementary, John Clem Elementary, Ben Franklin Elementary, Hillview Elementary, Legend Elementary, and McGuffey Elementary schools housing grades K through 5; Heritage Middle, Liberty Middle, and Wilson Middle housing grades 6 through 8; and Newark High School housing grades 9 through 12.

The District provides a full range of traditional and non-traditional educational programs, services and facilities. These include elementary and secondary curriculum at the general, college preparatory and vocational levels, a broad range of co-curricular and extracurricular activities, special education programs and facilities.

Newark Catholic High School, St. Francis, Blessed Sacrament, and the Montessori School are located within the School District Service Area. The District acts as fiscal agent for state funds provided by the State of Ohio to these institutions. Revenues and expenditures of these schools are reported as a governmental activity of the District.

### **Internal Controls**

Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Controls**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control required by Ohio Revised Code is at the fund level. The legal level of budgetary control imposed by the District (the highest level for which expenditures cannot legally exceed the appropriated amount) is established at the fund level for all budgeted funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

### **ECONOMIC CONDITION AND OUTLOOK**

The District is located approximately 33 miles from the metropolitan City of Columbus providing a wealth of opportunity for cultural, social and economic resources for its residents. Central Ohio Technical College and The Ohio State University of Newark share facilities at the Newark campus. Denison University is located in the adjoining Village of Granville. These colleges provide excellent educational opportunities for the Newark community.

The City of Newark offers an excellent opportunity for business growth and expansion. The City stimulates the economy through a diverse group of employers, from the small family operated business to the major commercial/industrial and service corporations. The five largest employers in the District in terms of numbers of employees are: Licking Memorial Hospital, State Farm Insurance, Licking County Government, Newark City Schools, and Anomatic Corporation.

Newark area businesses continue to manufacture and distribute a wide variety of products. Foremost among these products are plastics, insulation, prefabricated homes, prismatic reflectors, wiping cloths, quartz and specialty products, asphalt, automotive products, bricks, chemicals, electronic equipment, truck axles and transmissions, anodized aluminum products, wood veneer, dairy products, concrete products and many other industrial specialty items.

The District, during the 2009 and 2011 national recession was impacted regarding income tax revenues to the tune of collecting 3.5% less income tax. Beginning in fiscal year 2012 through fiscal year 2017, the local economy started to show signs of improvements collecting income tax revenues at an average of 2.5% over that time frame, or 6 years. For fiscal year 2018, income tax collections increased by 6.9% over the prior year.

### **Long-Term Financial Planning**

The District prepares a five-year financial forecast annually for use as a tool for long range planning. The five-year forecast contains projected local and state revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The five-year forecast provides early warning signs of potential financial problems.

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Recently, May 8, 2018, the District passed a 7.5 mil emergency property tax levy which would generate estimated annual revenues for the next 10 years of \$5.9 million. This levy will expire on December 31, 2029. The District's income tax levy was recently renewed for five years beginning January 2018. This levy will expire on December 31, 2022. As such, the District can place this levy renewal on the May 2021 or the November 2021 ballot and at any election in 2022.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### *Accomplishments for 2018*

#### *Financial*

The District received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for its fiscal year 2017 CAFR, and the District received the Auditor of State Award with Distinction for excellence in financial reporting related to the 2017 CAFR.

The District received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for its fiscal year 2017 Popular Annual Financial Report.

#### *Instruction*

The District obtains academic performance results from the State of Ohio's District report card. The District achieved the following grades on the 2017-2018 State of Ohio District report card:

Performance index	C	70.3%
4-year graduation	C	84.8%
5-year graduation	C	89.5%
Closing the Gap	C	79.1%

## Achievement Tests

State and federal law requires testing students in grades 3 - 8 and high school in various subjects. During 2017-2018, the following tests were administered:

3<sup>rd</sup> grade - reading and math

4<sup>th</sup> grade - reading and math

5<sup>th</sup> grade - reading, math, and science

6<sup>th</sup> grade – reading and math

7<sup>th</sup> grade - reading and math

8<sup>th</sup> grade - reading, math, and science

High School end of course exams: Algebra, Geometry, Biology, American History, American Government, English LA1, and English LA2.

Student grades 9-12 - For each of the seven end-of-course state tests, a student earns one to five graduation points. Students have the potential to earn a total of 35 points. To meet this graduation pathway, a student must earn a minimum number of 18 points from the seven tests.

Retaking Exams - A Student who scores below Proficient on any end-of-course exam may retake the exam after receiving extra help from the school. A student scoring Proficient or higher can retake an exam only if he or she has taken all seven end-of-course exams and still is below the minimum point requirements. Any student who automatically earned three graduation points from a course can retake the exam for a higher score.

The percentage of High School students who have successfully passed the 2017-2018 End of Course Exams is listed here:

Algebra I	61.9%
Biology	73.7%
English I	70.1%
English II	66.2%
Geometry	42.5%
Government	77.8%
History	77.1%
Math I	5.3%
Math II	0.0%

## ***Initiatives for 2019***

### ***Financial***

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District's fiscal year 2018 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year 2018 Popular Annual Financial Report.

### ***Instruction***

- To improve, continuously, the District's Graduation Rate.
- To achieve Annual Measurable Objectives as measured by the District's report card by improving the scores of students who are social economical disadvantaged with disabilities in reading and math.
- Continue to implement the Ohio Improvement Process.
- To continue to implement and monitor the Response to Intervention (RtI) process.
- To evaluate high school textbook and instructional materials adoptions and purchase instructional materials as necessary.
- To continue to support staff and students for on-line assessments.

## **AWARDS AND ACKNOWLEDGEMENTS**

### ***GFOA Certificate of Achievement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Newark City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.

### ***Acknowledgements***

Preparation of this report could not have been accomplished without the support and efforts of the staff in the Treasurer's office and many other dedicated employees of the District. Further appreciation is extended to the Licking County Auditor's office and the Newark City Auditor's office for their valuable research of records.

Respectfully submitted,



Douglas C. Ute  
Superintendent



Julio Valladares  
Treasurer/CFO

**NEWARK CITY SCHOOL DISTRICT**

**PRINCIPAL OFFICERS**

**Board of Education**

Tim Carr	Board Member, President
Warren Weber	Board Member, Vice President
Tom Bline	Board Member
Mike Blowers	Board Member
Beverly Niccum	Board Member

**Administration**

Douglas Ute	Superintendent
Julio Valladares	Treasurer
Mark Shively	Director of Classified Personnel & Business Manager
Barbara Quackenbush	Director of Certificated Personnel
Maura Horgan	Director of Curriculum & Staff Development
Melinda Vaughn	Director of Special Education



# ADMINISTRATIVE STRUCTURE NEWARK CITY SCHOOLS

## BOARD OF EDUCATION

<p><b><u>Treasurer</u></b></p> <ul style="list-style-type: none"> <li>• Fiscal Accountability</li> <li>• Payroll &amp; Benefits</li> <li>• Financial Management/Reporting</li> <li>• Education Management/Information System</li> </ul>	<p><b><u>Superintendent</u></b></p> <ul style="list-style-type: none"> <li>• Student Learning Leadership</li> <li>• Instructional Programming</li> <li>• Board Policy Implementation</li> <li>• Fiscal Accountability</li> <li>• Enrollment &amp; Transfers</li> <li>• Custody &amp; Foster Care</li> <li>• District Technology Administration</li> </ul>
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<p><b><u>Director of Certificated Personnel</u></b></p> <ul style="list-style-type: none"> <li>• Recruitment and selection of Certificated staff</li> <li>• Contract Negotiation and Management</li> <li>• Administrative Development</li> <li>• Building Level Leadership and Development</li> <li>• Staff Relations</li> <li>• Teacher Development</li> </ul>	<p><b><u>Director of Classified Personnel &amp; Support Services</u></b></p> <ul style="list-style-type: none"> <li>• Recruitment and Selection of Classified Staff</li> <li>• Contract Negotiation and Management</li> <li>• Maintenance/Buildings/Grounds</li> <li>• Printing/Duplicating</li> <li>• Secretarial Services</li> <li>• Transportation</li> <li>• Warehouse</li> <li>• District Attendance Areas</li> <li>• Risk Management</li> </ul>	<p><b><u>Director of Curriculum &amp; Staff Development</u></b></p> <ul style="list-style-type: none"> <li>• Textbook and Instructional Material</li> <li>• Ohio Department of Education Accountability/CCIP</li> <li>• Supplemental Student Services &amp; Programs</li> <li>• Teacher Development</li> <li>• Building Level Leadership &amp; Development</li> <li>• Board Policy Development</li> <li>• District Testing</li> </ul> <p><b><u>Assistant Director of Curriculum</u></b></p> <ul style="list-style-type: none"> <li>• Grant &amp; Entitlement Administration</li> </ul>	<p><b><u>Community Outreach Coordinator</u></b></p> <ul style="list-style-type: none"> <li>• District Communication Planning</li> <li>• Public Engagement</li> <li>• Media Relations</li> <li>• Broadcast Management</li> <li>• Publications</li> <li>• Crisis Planning &amp; Management</li> <li>• Website Management</li> <li>• Social Media</li> </ul> <p><b><u>Special Programs Coordinator</u></b></p> <ul style="list-style-type: none"> <li>• Manages After School Programs</li> <li>• Fundraising for District</li> <li>• Event Planning for District</li> <li>• Administrative Staff Support</li> <li>• Crisis Planning and Management</li> </ul>	<p><b><u>Director of Student Services</u></b></p> <ul style="list-style-type: none"> <li>• Leadership for Special Education Services</li> <li>• Identification and Placement of Special Education Students</li> <li>• Compliance with Special Education Laws</li> <li>• Training and Supervision of Special Education Staff</li> </ul> <p><b><u>2 Coordinators of Special Education</u></b> Pre-K-5 6-12</p>
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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Newark City School District  
Licking County  
621 Mount Vernon Road  
Newark, Ohio 43055

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

As discussed in Note 23 to the financial statements, Newark Digital Academy, one of the District's discretely presented component units, ceased operations effective June 29, 2018. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will also issue our report dated December 19, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 19, 2018

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**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)**

The management's discussion and analysis of the Newark City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2018 are as follows:

- The District's net position of governmental activities increased \$38,841,551 which represents a 336.83% increase from 2017 as restated.
- For governmental activities general revenues accounted for \$72,963,202 in revenue or 80.75% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$17,390,797 or 19.25% of total revenues of \$90,353,999.
- The District had \$51,512,448 in expenses related to governmental activities; only \$17,390,797 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$72,963,202 were adequate to provide for these programs.
- The District's major governmental funds include the general fund and debt service fund. The general fund had \$74,743,102 in revenues and \$69,302,657 in expenditures. During fiscal 2018, the general fund's fund balance increased \$5,440,445 from a balance of \$27,969,416 to \$33,409,861.
- The debt service fund had \$3,528,371 in revenues and \$4,537,352 in expenditures. During fiscal year 2018, the debt service fund balance decreased by \$1,008,981 from \$2,044,184 to \$1,035,203.

**Using the Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the major funds are the general fund and debt service fund.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The statement of net position and statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, extracurricular activities, and operation of non-instructional services. The statement of net position and statement of activities can be found on pages 31-32, of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 27. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds are the general fund and debt service fund.

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 33-36 and the budgetary statement for the general fund can be found on page 37.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

***Proprietary Funds***

The District maintains only one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District has an internal service fund to account for a self-insurance program which provides health and dental benefits to employees. The basic proprietary fund financial statements can be found on pages 38-40 of this report.

***Fiduciary Funds***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 41 and 42. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 43-110 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability. The required supplementary information can be found on pages 112-125 of this report.

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**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2018 and June 30, 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

	<b>Net Position</b>	
	Governmental Activities 2018	Restated Governmental Activities 2017
<b><u>Assets</u></b>		
Current and other assets	\$ 78,525,818	\$ 75,381,482
Capital assets, net	<u>137,156,762</u>	<u>139,652,113</u>
Total assets	<u>215,682,580</u>	<u>215,033,595</u>
<b><u>Deferred Outflows of Resources</u></b>		
Unamortized deferred charges on debt refunding	1,735,374	1,927,259
Pensions	25,150,742	21,064,932
OPEB	<u>931,601</u>	<u>150,926</u>
Total deferred outflows of resources	<u>27,817,717</u>	<u>23,143,117</u>
<b><u>Liabilities</u></b>		
Current liabilities	9,611,772	9,253,417
Long-term liabilities:		
Due within one year	3,381,846	3,290,465
Due in more than one year:		
Net pension liability	80,612,115	110,256,758
Net OPEB liability	18,105,086	22,582,428
Other amounts	<u>53,270,328</u>	<u>56,331,899</u>
Total liabilities	<u>164,981,147</u>	<u>201,714,967</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for next fiscal year	22,304,399	24,284,338
Payment in lieu of taxes levied for next fiscal year	26,430	27,612
Pensions	3,561,301	618,218
OPEB	<u>2,253,892</u>	<u>-</u>
Total deferred inflows of resources	<u>28,146,022</u>	<u>24,930,168</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	85,310,047	85,515,706
Restricted	8,272,223	8,694,181
Unrestricted (deficit)	<u>(43,209,142)</u>	<u>(82,678,310)</u>
Total net position	<u>\$ 50,373,128</u>	<u>\$ 11,531,577</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from \$33,963,079 to \$11,531,577.

Current and other assets increased primarily due to an increase in cash and cash equivalents resulting from current year operations. Capital assets, net, decreased as depreciation expense exceeded current year capital asset additions.

At year-end, capital assets represented 63.59% of total assets. Capital assets include land, land improvements, buildings and improvements, construction in progress, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2018, was \$85,310,047. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Current liabilities increased primarily due to increased contracts payable related to restoring the bus garage. Long-term liabilities decreased as a result of a decrease in the net pension liability.

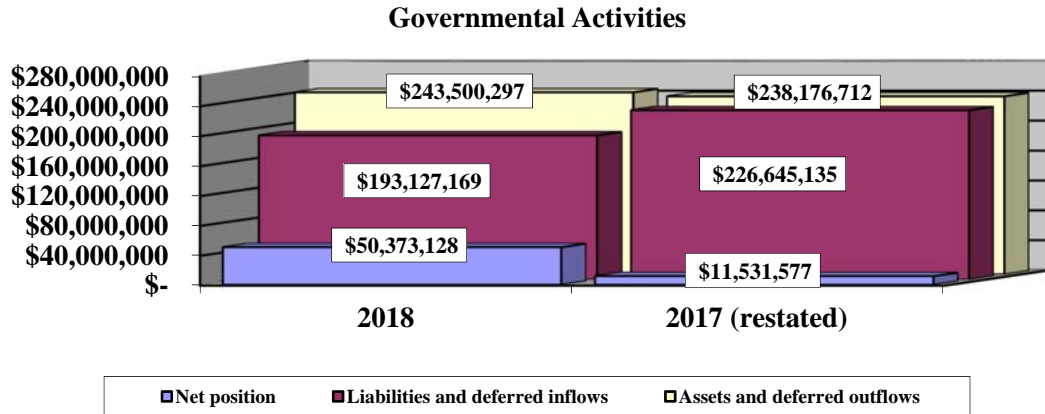
The District's net pension liability, net OPEB liability and deferred inflows/outflows of resources related to pension and OPEB are discussed above. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District. Factors effecting the net pension liability, net OPEB liability and deferred inflows/outflows of resources related to pension and OPEB are outside of the control of the District.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50,373,128.

A portion of the District's net position, \$8,272,223, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$43,209,142. The deficit balance in unrestricted net position was the result of reporting the net pension liability and net OPEB liability required by GASB 68 and GASB 75, respectively. The graph on the following page illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)



The table below shows the changes in net position for governmental activities between 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

	Governmental Activities	
	2018	Restated 2017
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 2,319,853	\$ 2,020,978
Operating grants and contributions	15,070,944	14,767,470
General revenues:		
Property taxes	24,337,483	24,379,443
School district income taxes	9,478,714	8,870,372
Payment in lieu of taxes	213,593	307,928
Grants and entitlements	36,990,552	36,105,065
Investment earnings	523,415	263,738
Gain on sale of capital assets	74,784	-
Insurance proceeds	1,000,000	-
Other	344,661	381,892
<b>Total revenues</b>	<b>90,353,999</b>	<b>87,096,886</b>

*(continued)*

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

<u>Expenses</u>	<u>2018</u>	<u>2017</u>
Program expenses:		
Instruction:		
Regular	21,433,067	37,735,297
Special	8,746,410	15,014,909
Vocational	234,237	369,372
Other	74,319	153,373
Support services:		
Pupil	2,699,314	4,539,392
Instructional staff	1,911,702	3,674,400
Board of Education	180,770	150,549
Administration	1,650,210	4,281,207
Fiscal	1,004,123	1,372,452
Business	322,180	630,260
Operations and maintenance	4,947,884	7,176,597
Pupil transportation	2,620,951	3,615,232
Central	437,122	537,799
Operation of non-instructional services:		
Food service operations	2,217,708	2,938,568
Other non-instructional services	609,437	2,470,071
Extracurricular activities	620,541	1,256,345
Interest and fiscal charges	1,802,473	1,900,549
Total expenses	<u>51,512,448</u>	<u>87,816,372</u>
Changes in net position	38,841,551	(719,486)
Net position at beginning of year (restated)	<u>11,531,577</u>	<u>N/A</u>
Net position at end of year	<u>\$ 50,373,128</u>	<u>\$ 11,531,577</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$38,841,551. Total governmental expenses of \$51,512,448 were offset by program revenues of \$17,390,797 and general revenues of \$72,963,202. Program revenues supported 33.76% of the total governmental expenses.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$150,926 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$2,803,509. Consequently, in order to compare 2018 total program expenses to 2017, the adjustments on the following page are needed.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

Total 2018 program expenses under GASB 75	\$ 51,512,448
Negative OPEB expense under GASB 75	2,803,509
2018 contractually required contributions	<u>200,616</u>
Adjusted 2018 program expenses	54,516,573
Total 2017 program expenses under GASB 45	<u>87,816,372</u>
Decrease in program expenses not related to OPEB	<u>\$ (33,299,799)</u>

Expenses of the governmental activities decreased \$36,303,924 or 41.34%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employees Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the District reported (\$25,170,814) in pension expense and (\$2,803,509) in OPEB expense mainly due to these benefit changes by the retirement systems. Fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years. Pension expense is a component of program expenses reported on the statement of activities. To assess fluctuations in program expenses, the increase or decrease in pension expense should be factored into the analysis. Pension expense, by function, for 2018 and 2017 follows:

Program expenses:	2018 Pension Expense	2017 Pension Expense	Increase (Decrease)
Instruction:			
Regular	\$ (11,517,155)	\$ 3,988,719	\$ (15,505,874)
Special	(4,759,148)	1,620,497	(6,379,645)
Vocational	(69,658)	30,945	(100,603)
Other	(79,342)	29,060	(108,402)
Support services:			
Pupil	(1,424,962)	498,912	(1,923,874)
Instructional staff	(1,086,555)	398,772	(1,485,327)
Board of education	(6,139)	3,167	(9,306)
Administration	(1,773,933)	639,750	(2,413,683)
Fiscal	(302,860)	93,436	(396,296)
Business	(210,870)	67,492	(278,362)
Operations and maintenance	(1,633,209)	561,277	(2,194,486)
Pupil transportation	(1,153,583)	396,519	(1,550,102)
Central	(85,666)	29,763	(115,429)
Operation of non-instructional services:			
Other non-instructional services	(106,910)	30,467	(137,377)
Food service operations	(506,887)	174,032	(680,919)
Extracurricular activities	<u>(453,937)</u>	<u>155,170</u>	<u>(609,107)</u>
Total	<u>\$ (25,170,814)</u>	<u>\$ 8,717,978</u>	<u>\$ (33,888,792)</u>

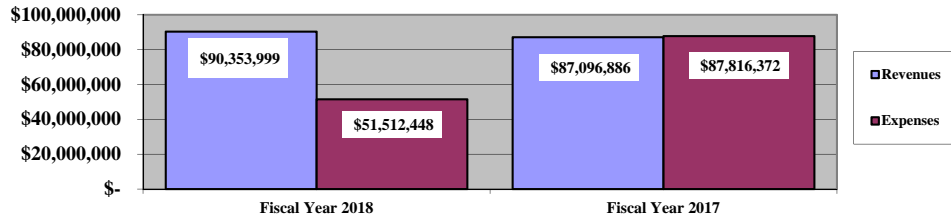
The primary sources of revenue for governmental activities are derived from general revenues such as property taxes, school district income taxes, and grants and entitlements. These three sources of revenue total \$70,806,749 and represent 78.37% of total governmental revenue. School district income taxes increased \$608,342, or 6.86%, due to increased income tax collections resulting from improved economic condition from the prior year. Grants and entitlements not restricted to specific programs increased \$885,487, or 2.45%, due to increased funding from the State of Ohio through Foundation payments.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)**

The graph below presents the governmental activities revenues and expenses for fiscal years 2018 and 2017.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 compared to 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As stated earlier, fluctuations in pension expense reported under GASB 68 make it difficult to compare financial information between years.

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2018	2018	2017	2017
Program expenses:				
Instruction:				
Regular	\$ 21,433,067	\$ 19,437,048	\$ 37,735,297	\$ 36,282,696
Special	8,746,410	(17,972)	15,014,909	6,115,147
Vocational	234,237	158,578	369,372	293,995
Other	74,319	74,319	153,373	153,373
Support services:				
Pupil	2,699,314	2,418,958	4,539,392	4,259,077
Instructional staff	1,911,702	886,759	3,674,400	2,464,555
Board of Education	180,770	180,770	150,549	150,549
Administration	1,650,210	1,391,426	4,281,207	4,012,078
Fiscal	1,004,123	996,759	1,372,452	1,364,813
Business	322,180	322,180	630,260	630,260
Operations and maintenance	4,947,884	4,718,873	7,176,597	6,954,588
Pupil transportation	2,620,951	2,134,944	3,615,232	3,201,628
Central	437,122	437,122	537,799	537,799
Operation of non-instructional services:				
Food service operations	2,217,708	(1,035,506)	2,938,568	(18,296)
Other non-instructional services	609,437	(179,399)	2,470,071	1,684,675
Extracurricular activities	620,541	394,319	1,256,345	1,040,438
Interest and fiscal charges	1,802,473	1,802,473	1,900,549	1,900,549
<b>Total expenses</b>	<b>\$ 51,512,448</b>	<b>\$ 34,121,651</b>	<b>\$ 87,816,372</b>	<b>\$ 71,027,924</b>



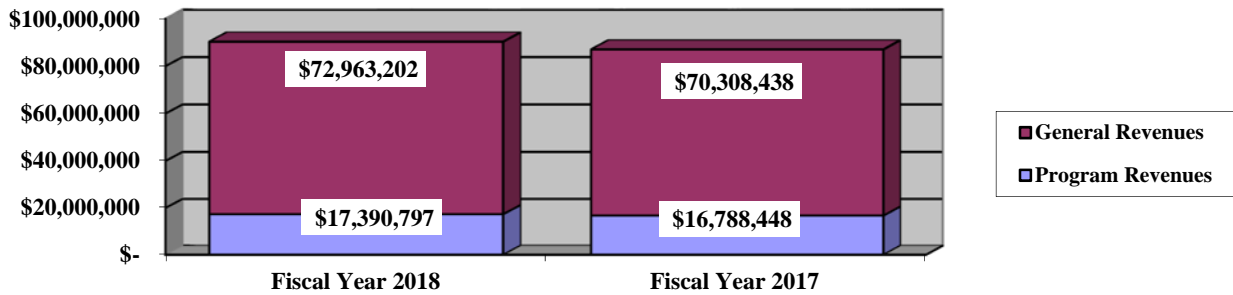
**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, 64.46% of instruction activities, totaling \$30,488,033 are supported through taxes and other general revenues. For all governmental activities, general revenue support is 66.24%.

The graph below presents the District's general and program revenues for fiscal years 2018 and 2017.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 33) reported a combined fund balance of \$40,556,449 which is more than last year's total of \$36,374,069. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

	Fund Balance <u>June 30, 2018</u>	Fund Balance <u>June 30, 2017</u>	<u>Change</u>
General	\$ 33,409,861	\$ 27,969,416	\$ 5,440,445
Debt Service	1,035,203	2,044,184	(1,008,981)
Other Governmental	6,111,385	6,360,469	(249,084)
Total	<u>\$ 40,556,449</u>	<u>\$ 36,374,069</u>	<u>\$ 4,182,380</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

***General Fund***

The District's general fund balance increased \$5,440,445. The table below summarizes the revenues and expenditures for fiscal year 2018 and 2017:

	2018 <u>Amount</u>	2017 <u>Amount</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 29,624,229	\$ 28,589,355	3.62 %
Tuition	1,231,263	799,207	54.06 %
Earnings on investments	495,342	258,615	91.54 %
Intergovernmental	42,267,162	41,132,499	2.76 %
Other revenues	<u>1,125,106</u>	<u>1,272,294</u>	(11.57) %
Total	<u>\$ 74,743,102</u>	<u>\$ 72,051,970</u>	3.73 %
<b><u>Expenditures</u></b>			
Instruction	\$ 46,131,204	\$ 44,810,820	2.95 %
Support services	22,138,226	21,776,446	1.66 %
Operation of non-instructional services	84,494	67,319	25.51 %
Extracurricular activities	892,533	847,859	5.27 %
Debt service	<u>56,200</u>	<u>56,495</u>	(0.52) %
Total	<u>\$ 69,302,657</u>	<u>\$ 67,558,939</u>	2.58 %

The increase in tuition was due to open enrollment with more students from other districts. Taxes increased due to increased collections of income taxes due to an improving economy. Intergovernmental revenue increased due to increased funding from the State of Ohio through Foundation payments. Earnings on investments increased due to better interest rates and more money for the District to invest. Other revenues decreased primarily due to decreased revenues from payments in lieu of taxes. The largest expenditure line items, instruction and support services, increased over fiscal year 2017. Instruction expenditures increased due to increased costs associated with both regular and special education programs.

***Debt Service Fund***

The debt service fund had \$3,528,371 in revenues and \$4,537,352 in expenditures. During fiscal year 2018, the debt service fund balance decreased by \$1,008,981 from \$2,044,184 to \$1,035,203.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

The original budgeted revenues and other financing sources of \$73,860,309 were increased to \$76,527,661 in the final budget. Actual revenues and other financing sources for fiscal year 2018 were \$76,527,663. Actual revenues and other financing sources were \$2 higher than final budgeted revenues.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

General fund original appropriations (appropriated expenditures plus other financing uses) of \$71,934,112 were decreased to \$71,648,934 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2018 totaled \$71,648,935 which was \$1 higher than the final budget appropriations.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2018, the District had \$137,156,762 invested in land, land improvements, buildings and improvements, construction in progress, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2018 balances compared to 2017.

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
<u>Governmental Activities</u>		
	<u>2018</u>	<u>2017</u>
Land	\$ 1,970,712	\$ 1,970,712
Land improvements	669,740	689,207
Building and improvements	130,893,157	132,358,997
Furniture and equipment	737,222	834,302
Vehicles	1,519,179	1,517,578
Construction in progress	<u>1,366,752</u>	<u>2,281,317</u>
Total	<u>\$ 137,156,762</u>	<u>\$ 139,652,113</u>

Total additions to capital assets for 2018 were \$1,347,908. Depreciation recorded for the fiscal year totaled \$3,843,259.

The overall decrease in capital assets, net of accumulated depreciation, of \$2,495,351 is primarily due to the District's depreciation expense of \$3,843,259.

See Note 10 to the basic financial statements for further details on the District's capital assets.

*Debt Administration*

At June 30, 2018, the District had \$47,807,650 in general obligation bonds, \$1,350,000 in notes payable, and \$157,311 in capital lease obligations. Of this total, \$3,030,358 is due within one year and \$46,284,603 is due in greater than one year. The District also reports \$80,612,115 as a net pension liability due to the application of GASB 68 and \$18,105,086 as a net OPEB liability due to the implementation of GASB 75.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

The following table summarizes the bonds (excluding unamortized premiums and accreted interest on capital appreciation bonds) and capital lease obligations outstanding at June 30, 2018 and 2017.

**Outstanding Debt, at Year End**

	<u>Governmental Activities 2018</u>	<u>Governmental Activities 2017</u>
General obligation bonds:		
Refunding	\$ 47,807,650	\$ 50,161,627
Notes payable	1,350,000	1,500,000
Capital lease obligations	<u>157,311</u>	<u>205,697</u>
Total	<u>\$ 49,314,961</u>	<u>\$ 51,867,324</u>

See Note 11 to the basic financial statements for further detail on the District's long-term obligations.

**Economic Conditions and Outlook**

As the preceding information shows, the District relies heavily upon grants and entitlements, property taxes and school district income taxes. The current tax revenue, along with the District's cash balance, is projected (based on the October 2018 five-year forecast that can be found on the Ohio Department of Education's website) to provide the District with the necessary funds to meet its operating expenses through fiscal year 2023. The future financial stability is not without challenges.

The first issue facing the District is the instability of the local economy. The second issue is the uncertainty of the state budget allocations. The third issue is the uncertainty of the Federal Grant programs. During fiscal year 2018, the District's enrollment increased by 126 students from fiscal year 2017.

In conclusion, the District must begin reviewing all programs "Cost versus Benefit". We must think outside of our normal paradigms. We can no longer continue to operate "... Well that is how we have always done it." The District's 1% income tax renewal levy was successful in March 2016 for an additional five years. The tax payers passed a 7.5 mill renewal emergency property tax levy on May 8, 2018 that was originally passed on May 5, 2009. The 7.5 mill emergency levy expires on December 31, 2029, the passage of this levy renewal helps the District maintain a healthy financial condition during the time frame at the 5 year forecast in fiscal year 2021. The District will continue to look at ways to increase revenues or contain expenditures.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Julio Valladares, Treasurer/CFO at Newark City School District, 621 Mount Vernon Road, Newark, Ohio 43055.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

STATEMENT OF NET POSITION  
June 30, 2018

	Governmental Activities	Component Units	
		Newark Digital Academy	Par Excellence Academy
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 47,093,383	\$ 2,782,913	\$ 25,987
Receivables:			
Property taxes . . . . .	25,228,793	-	-
Income taxes. . . . .	4,288,096	-	-
Payment in lieu of taxes . . . . .	26,430	-	-
Accounts. . . . .	4,808	-	17,760
Accrued interest . . . . .	45,869	-	-
Intergovernmental . . . . .	1,584,951	127,121	14,962
Prepayments . . . . .	232,695	4,033	14,370
Materials and supplies inventory. . . . .	3,829	-	-
Inventory held for resale. . . . .	16,964	-	-
Capital assets:			
Nondepreciable capital assets . . . . .	3,337,464	6,630	-
Depreciable capital assets, net. . . . .	133,819,298	1,412,569	231,411
Capital assets, net. . . . .	137,156,762	1,419,199	231,411
Total assets. . . . .	215,682,580	4,333,266	304,490
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refundings . . . . .	1,735,374	-	-
Pension (Note 15) . . . . .	25,150,742	1,460,603	782,604
OPEB (Note 16) . . . . .	931,601	58,549	77,002
Total deferred outflows of resources . . . . .	27,817,717	1,519,152	859,606
<b>Liabilities:</b>			
Accounts payable. . . . .	635,542	20,000	219,558
Contracts payable. . . . .	438,676	-	-
Accrued wages and benefits payable . . . . .	5,713,169	-	75,456
Pension and postemployment benefits payable. . . . .	989,798	-	-
Intergovernmental payable . . . . .	167,859	-	6,413
Unearned revenue . . . . .	891,955	-	-
Accrued interest payable . . . . .	167,773	-	-
Claims payable. . . . .	607,000	-	-
Long-term liabilities:			
Due within one year. . . . .	3,381,846	374,425	20,580
Due in more than one year:			
Net pension liability (Note 15). . . . .	80,612,115	2,661,580	1,756,770
Net OPEB liability (Note 16) . . . . .	18,105,086	535,590	408,758
Other amounts due in more than one year . . . . .	53,270,328	1,099	-
Total liabilities . . . . .	164,981,147	3,592,694	2,487,535
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	22,304,399	-	-
Payment in lieu of taxes levied for the next fiscal year . . . . .	26,430	-	-
Pension (Note 15) . . . . .	3,561,301	94,845	62,407
OPEB (Note 16) . . . . .	2,253,892	61,818	45,396
Total deferred inflows of resources . . . . .	28,146,022	156,663	107,803
<b>Net position:</b>			
Net investment in capital assets . . . . .	85,310,047	1,419,199	231,411
Restricted for:			
Capital projects . . . . .	2,086,921	-	-
Classroom facilities maintenance . . . . .	2,602,564	-	-
Debt service. . . . .	658,336	-	-
State funded programs. . . . .	57,577	-	-
Federally funded programs . . . . .	284,883	96,119	-
Student activities . . . . .	286,174	-	-
Food service operations . . . . .	2,295,768	-	-
Unrestricted (deficit) . . . . .	(43,209,142)	587,743	(1,662,653)
Total net position . . . . .	\$ 50,373,128	\$ 2,103,061	\$ (1,431,242)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Newark Digital Academy	Par Excellence Academy
<b>Governmental activities:</b>						
Instruction:						
Regular . . . . .	\$ 21,433,067	\$ 1,355,447	\$ 640,572	\$ (19,437,048)	\$ -	\$ -
Special . . . . .	8,746,410	140,532	8,623,850	17,972	-	-
Vocational . . . . .	234,237	-	75,659	(158,578)	-	-
Other . . . . .	74,319	-	-	(74,319)	-	-
Support services:						
Pupil. . . . .	2,699,314	-	280,356	(2,418,958)	-	-
Instructional staff . . . . .	1,911,702	-	1,024,943	(886,759)	-	-
Board of education . . . . .	180,770	-	-	(180,770)	-	-
Administration. . . . .	1,650,210	-	258,784	(1,391,426)	-	-
Fiscal. . . . .	1,004,123	-	7,364	(996,759)	-	-
Business. . . . .	322,180	-	-	(322,180)	-	-
Operations and maintenance . . . . .	4,947,884	105,752	123,259	(4,718,873)	-	-
Pupil transportation. . . . .	2,620,951	18,876	467,131	(2,134,944)	-	-
Central . . . . .	437,122	-	-	(437,122)	-	-
Operation of non-instructional services:						
Food service operations . . . . .	2,217,708	462,168	2,791,046	1,035,506	-	-
Other non-instructional services . . . . .	609,437	64,700	724,136	179,399	-	-
Extracurricular activities. . . . .	620,541	172,378	53,844	(394,319)	-	-
Interest and fiscal charges . . . . .	1,802,473	-	-	(1,802,473)	-	-
Total governmental activities . . . . .	<u>\$ 51,512,448</u>	<u>\$ 2,319,853</u>	<u>\$ 15,070,944</u>	<u>(34,121,651)</u>	<u>-</u>	<u>-</u>
<b>Component units</b>						
Newark Digital Academy . . . . .	\$ 1,924,361	\$ -	\$ 313,312	-	(1,611,049)	-
Par Excellence Academy . . . . .	1,473,693	-	371,545	-	-	(1,102,148)
Total component units . . . . .	<u>\$ 3,398,054</u>	<u>\$ -</u>	<u>\$ 684,857</u>	<u>-</u>	<u>(1,611,049)</u>	<u>(1,102,148)</u>
<b>General revenues:</b>						
Property taxes levied for:						
General purposes . . . . .				20,005,333	-	-
Debt service. . . . .				2,944,801	-	-
Capital outlay . . . . .				974,468	-	-
Facilities maintenance. . . . .				412,881	-	-
Income taxes levied for:						
General purposes . . . . .				9,478,714	-	-
Payments in lieu of taxes. . . . .				213,593	-	-
Grants and entitlements not restricted						
to specific programs . . . . .				36,990,552	2,056,034	1,200,512
Investment earnings . . . . .				523,415	36,746	-
Gain on sale of capital assets . . . . .				74,784	-	22,784
Insurance proceeds . . . . .				1,000,000	-	-
Miscellaneous . . . . .				344,661	25,997	31,943
Total general revenues . . . . .				<u>72,963,202</u>	<u>2,118,777</u>	<u>1,255,239</u>
Change in net position . . . . .				38,841,551	507,728	153,091
<b>Net position (deficit) at beginning of year (restated) .</b>				<u>11,531,577</u>	<u>1,595,333</u>	<u>(1,584,333)</u>
<b>Net position (deficit) at end of year. . . . .</b>				<u>\$ 50,373,128</u>	<u>\$ 2,103,061</u>	<u>\$ (1,431,242)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 34,526,364	\$ 750,274	\$ 7,624,326	\$ 42,900,964
Receivables:				
Property taxes . . . . .	21,293,239	2,472,988	1,462,566	25,228,793
Income taxes . . . . .	4,288,096	-	-	4,288,096
Payment in lieu of taxes . . . . .	22,414	2,138	1,878	26,430
Accounts . . . . .	4,808	-	-	4,808
Accrued interest . . . . .	45,869	-	-	45,869
Interfund loans . . . . .	101,897	-	-	101,897
Intergovernmental . . . . .	180,897	-	1,404,054	1,584,951
Prepayments . . . . .	219,705	-	12,990	232,695
Materials and supplies inventory . . . . .	-	-	3,829	3,829
Inventory held for resale . . . . .	-	-	16,964	16,964
Total assets . . . . .	<u>\$ 60,683,289</u>	<u>\$ 3,225,400</u>	<u>\$ 10,526,607</u>	<u>\$ 74,435,296</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 157,700	\$ -	\$ 477,842	\$ 635,542
Contracts payable . . . . .	-	-	438,676	438,676
Accrued wages and benefits payable . . . . .	5,108,570	-	604,599	5,713,169
Compensated absences payable . . . . .	38,629	-	9,379	48,008
Intergovernmental payable . . . . .	160,286	-	7,573	167,859
Pension and post employment benefits payable . . . . .	876,810	-	112,988	989,798
Interfund loans payable . . . . .	-	-	101,897	101,897
Total liabilities . . . . .	<u>6,341,995</u>	<u>-</u>	<u>1,752,954</u>	<u>8,094,949</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . .	18,922,384	2,081,839	1,300,176	22,304,399
Payment in lieu of taxes levied for the next fiscal year . . .	22,414	2,138	1,878	26,430
Delinquent property tax revenue not available . . .	872,617	106,220	58,257	1,037,094
Income tax revenue not available . . . . .	1,072,024	-	-	1,072,024
Intergovernmental revenue not available . . . . .	562	-	1,301,957	1,302,519
Accrued interest not available . . . . .	36,822	-	-	36,822
Miscellaneous revenue not available . . . . .	4,610	-	-	4,610
Total deferred inflows of resources . . . . .	<u>20,931,433</u>	<u>2,190,197</u>	<u>2,662,268</u>	<u>25,783,898</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	-	-	3,829	3,829
Prepays . . . . .	219,705	-	12,990	232,695
Restricted:				
Debt service . . . . .	-	1,035,203	-	1,035,203
Capital improvements . . . . .	-	-	1,589,988	1,589,988
Classroom facilities maintenance . . . . .	-	-	2,602,564	2,602,564
Food service operations . . . . .	-	-	2,349,456	2,349,456
Non-public schools . . . . .	-	-	65,691	65,691
Extracurricular . . . . .	-	-	286,154	286,154
Assigned:				
Student instruction . . . . .	161,086	-	-	161,086
Student and staff support . . . . .	920,960	-	-	920,960
Subsequent year's appropriations . . . . .	1,223,172	-	-	1,223,172
Other purposes . . . . .	247,479	-	-	247,479
Unassigned (deficit) . . . . .	30,637,459	-	(799,287)	29,838,172
Total fund balances . . . . .	<u>33,409,861</u>	<u>1,035,203</u>	<u>6,111,385</u>	<u>40,556,449</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 60,683,289</u>	<u>\$ 3,225,400</u>	<u>\$ 10,526,607</u>	<u>\$ 74,435,296</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES**

June 30, 2018

<b>Total governmental fund balances</b>		\$	40,556,449
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			137,156,762
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,037,094	
Income taxes receivable		1,072,024	
Accounts receivable		4,610	
Accrued interest receivable		36,822	
Intergovernmental receivable		1,302,519	
Total		3,453,069	3,453,069
An internal service fund is used by management to charge the costs of medical and dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			2,693,464
Unamortized premiums on bonds issued are not recognized in the funds.			(3,828,452)
Deferred outflows of resources related to unamortized deferred charges on debt refundings are not recognized in the funds.			1,735,374
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(167,773)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		25,150,742	
Deferred inflows of resources - pension		(3,561,301)	
Net pension liability		(80,612,115)	
Total		(59,022,674)	(59,022,674)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - OPEB		931,601	
Deferred inflows of resources - OPEB		(2,253,892)	
Net OPEB liability		(18,105,086)	
Total		(19,427,377)	(19,427,377)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(48,122,964)	
General obligation notes		(1,350,000)	
Capital lease obligations		(157,311)	
Compensated absences		(3,145,439)	
Total		(52,775,714)	(52,775,714)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>50,373,128</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 20,208,010	\$ 3,038,230	\$ 1,401,268	\$ 24,647,508
Income taxes . . . . .	9,416,219	-	-	9,416,219
Payment in lieu of taxes . . . . .	210,959	1,714	920	213,593
Tuition . . . . .	1,231,263	-	-	1,231,263
Transportation fees . . . . .	18,949	-	-	18,949
Earnings on investments . . . . .	495,342	-	22,650	517,992
Charges for services . . . . .	-	-	462,168	462,168
Extracurricular . . . . .	23,493	-	173,847	197,340
Classroom materials and fees . . . . .	138,904	-	-	138,904
Rental income . . . . .	105,752	-	-	105,752
Contributions and donations . . . . .	99,605	-	55,839	155,444
Contract services . . . . .	133,196	-	-	133,196
Other local revenues . . . . .	394,248	-	43,022	437,270
Intergovernmental - state . . . . .	42,267,162	488,427	1,131,585	43,887,174
Intergovernmental - federal . . . . .	-	-	7,429,890	7,429,890
<b>Total revenues . . . . .</b>	<b>74,743,102</b>	<b>3,528,371</b>	<b>10,721,189</b>	<b>88,992,662</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	33,974,349	-	607,769	34,582,118
Special . . . . .	11,792,358	-	3,294,957	15,087,315
Vocational . . . . .	189,953	-	-	189,953
Other . . . . .	174,544	-	-	174,544
Support services:				
Pupil . . . . .	4,261,999	-	264,416	4,526,415
Instructional staff . . . . .	2,014,428	-	1,071,562	3,085,990
Board of education . . . . .	189,012	-	-	189,012
Administration . . . . .	3,718,564	-	252,588	3,971,152
Fiscal . . . . .	1,305,879	48,808	29,625	1,384,312
Business . . . . .	610,620	-	-	610,620
Operations and maintenance . . . . .	6,183,787	-	486,696	6,670,483
Pupil transportation . . . . .	3,302,697	-	823,202	4,125,899
Central . . . . .	551,240	-	-	551,240
Operation of non-instructional services:				
Food service operations . . . . .	-	-	2,803,855	2,803,855
Other non-instructional services . . . . .	84,494	-	665,235	749,729
Extracurricular activities . . . . .	892,533	-	229,750	1,122,283
Facilities acquisition and construction . . . . .	-	-	1,332,003	1,332,003
Debt service:				
Principal retirement . . . . .	48,386	2,353,977	150,000	2,552,363
Interest and fiscal charges . . . . .	7,814	1,708,544	36,820	1,753,178
Accretion on capital appreciation bonds . . . . .	-	426,023	-	426,023
<b>Total expenditures . . . . .</b>	<b>69,302,657</b>	<b>4,537,352</b>	<b>12,048,478</b>	<b>85,888,487</b>
Excess of revenues over (under) expenditures . . . . .	5,440,445	(1,008,981)	(1,327,289)	3,104,175
<b>Other financing sources:</b>				
Sale of capital assets . . . . .	-	-	74,784	74,784
Insurance proceeds . . . . .	-	-	1,000,000	1,000,000
<b>Total other financing sources . . . . .</b>	<b>-</b>	<b>-</b>	<b>1,074,784</b>	<b>1,074,784</b>
Net change in fund balances . . . . .	5,440,445	(1,008,981)	(252,505)	4,178,959
<b>Fund balances at beginning of year . . . . .</b>	<b>27,969,416</b>	<b>2,044,184</b>	<b>6,360,469</b>	<b>36,374,069</b>
<b>Increase in reserve for inventory . . . . .</b>	<b>-</b>	<b>-</b>	<b>3,421</b>	<b>3,421</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 33,409,861</b>	<b>\$ 1,035,203</b>	<b>\$ 6,111,385</b>	<b>\$ 40,556,449</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<b>Net change in fund balances - total governmental funds</b>	\$	4,178,959
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense:		
Capital asset additions	\$ 1,347,908	
Current year depreciation	<u>(3,843,259)</u>	
Total		(2,495,351)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		3,421
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property tax revenue	(288,717)	
Income tax revenue	62,495	
Earnings on investments	28,000	
Other revenue	(38,614)	
Intergovernmental	<u>523,389</u>	
Total		286,553
Repayment of bond, note and capital lease principal is an expenditure in the funds, but the repayment reduces liabilities on the statement of net position. Principal payments during the year were:		
Bonds	2,140,000	
Notes	150,000	
Capital appreciation bonds	213,977	
Accreted interest on capital appreciation bonds	426,023	
Capital leases	<u>48,386</u>	
Total		2,978,386
In the statement of activities, interest is accrued on outstanding bonds, whereas in the funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	1,013	
Accreted interest on capital appreciation bonds	(205,653)	
Amortization of bond premiums	347,230	
Amortization of deferred charges on debt refundings	<u>(191,885)</u>	
Total		(49,295)
Contractually required pension contributions are reported as expenditures in funds; however, the statement of activities reports these amounts as deferred outflows.		
		5,616,556
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		25,170,814
Contractually required OPEB contributions are reported as expenditures in funds; however, the statement of activities reports these amounts as deferred outflows.		
		200,616
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		
		2,803,509
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
		(161,374)
An internal service fund used by management to charge the costs of medical and dental insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>308,757</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>38,841,551</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 19,456,251	\$ 20,164,371	\$ 20,164,372	\$ 1
Income taxes . . . . .	8,904,645	9,228,734	9,228,734	-
Payment in lieu of taxes . . . . .	203,551	210,959	210,959	-
Tuition . . . . .	1,188,024	1,231,263	1,231,263	-
Transportation fees . . . . .	18,284	18,949	18,949	-
Earnings on investments . . . . .	470,175	487,287	487,287	-
Classroom materials and fees . . . . .	132,801	137,634	137,634	-
Rental income . . . . .	102,038	105,752	105,752	-
Contributions and donations . . . . .	51,455	53,328	53,328	-
Contract services . . . . .	159,103	164,894	164,894	-
Other local revenues . . . . .	320,283	311,108	311,108	-
Intergovernmental - state . . . . .	41,141,186	42,638,542	42,638,543	1
Total revenues . . . . .	<u>72,147,796</u>	<u>74,752,821</u>	<u>74,752,823</u>	<u>2</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	34,780,173	34,148,058	34,148,059	(1)
Special . . . . .	11,387,131	11,898,670	11,898,670	-
Vocational . . . . .	226,290	213,292	213,292	-
Other . . . . .	183,502	173,285	173,285	-
Support services:				
Pupil . . . . .	4,485,129	4,395,896	4,395,896	-
Instructional staff . . . . .	2,271,157	2,100,467	2,100,467	-
Board of education . . . . .	324,549	228,097	228,097	-
Administration . . . . .	3,888,655	3,719,027	3,719,027	-
Fiscal . . . . .	1,488,872	1,358,406	1,358,406	-
Business . . . . .	634,230	675,818	675,818	-
Operations and maintenance . . . . .	6,977,360	6,855,368	6,855,368	-
Pupil transportation . . . . .	3,401,711	3,326,356	3,326,356	-
Central . . . . .	630,524	604,683	604,683	-
Operation of non-instructional services:				
Other non-instructional services . . . . .	1,549	902	902	-
Extracurricular activities . . . . .	872,696	884,840	884,840	-
Debt service:				
Other . . . . .	58,000	-	-	-
Total expenditures . . . . .	<u>71,611,528</u>	<u>70,583,165</u>	<u>70,583,166</u>	<u>(1)</u>
Excess of revenues over (under) expenditures . . . . .	<u>536,268</u>	<u>4,169,656</u>	<u>4,169,657</u>	<u>1</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	194,158	201,224	201,224	-
Refund of prior year's receipts . . . . .	(13,447)	(5,259)	(5,259)	-
Transfers in . . . . .	1,023,268	1,060,510	1,060,510	-
Transfers (out) . . . . .	(188,120)	(1,060,510)	(1,060,510)	-
Advances in . . . . .	494,778	512,786	512,786	-
Advances (out) . . . . .	(121,017)	-	-	-
Sale of capital assets . . . . .	309	320	320	-
Total other financing sources (uses) . . . . .	<u>1,389,929</u>	<u>709,071</u>	<u>709,071</u>	<u>-</u>
Net change in fund balance . . . . .	1,926,197	4,878,727	4,878,728	1
<b>Fund balance at beginning of year . . . . .</b>	<b>27,312,229</b>	<b>27,312,229</b>	<b>27,312,229</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>950,079</b>	<b>950,079</b>	<b>950,079</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 30,188,505</u></b>	<b><u>\$ 33,141,035</u></b>	<b><u>\$ 33,141,036</u></b>	<b><u>\$ 1</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUND

June 30, 2018

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Current assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 4,192,419
Total assets. . . . .	<u>4,192,419</u>
<b>Current liabilities:</b>	
Claims payable . . . . .	607,000
Unearned revenue . . . . .	<u>891,955</u>
Total liabilities . . . . .	<u>1,498,955</u>
<b>Net position:</b>	
Unrestricted. . . . .	<u>2,693,464</u>
Total net position. . . . .	<u>\$ 2,693,464</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 PROPRIETARY FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Governmental            Activities -            Internal            Service Fund</b>
<b>Operating revenues:</b>	
Charges for services. . . . .	\$ 10,754,790
Other . . . . .	<u>74</u>
Total operating revenues . . . . .	<u>10,754,864</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	1,457,833
Claims . . . . .	<u>8,988,274</u>
Total operating expenses. . . . .	<u>10,446,107</u>
Operating income / change in net position . . .	308,757
<b>Net position at beginning of year. . . . .</b>	<u>2,384,707</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 2,693,464</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Governmental            Activities -            Internal            Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 10,740,056
Cash received from other operations . . . . .	74
Cash payments for purchased services . . . . .	(1,460,055)
Cash payments for claims . . . . .	(8,910,274)
	369,801
Net cash provided by operating activities . . . . .	369,801
Net increase in cash and cash equivalents . . . . .	369,801
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>3,822,618</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 4,192,419</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 308,757
Changes in assets and liabilities:	
(Decrease) in accounts payable . . . . .	(2,222)
(Decrease) in unearned revenue . . . . .	(14,734)
Increase in claims payable . . . . .	78,000
	78,000
Net cash provided by operating activities . . . . .	<b>\$ 369,801</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2018

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . .	\$ 40,604	\$ 67,192
Total assets. . . . .	40,604	\$ 67,192
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 41
Due to students. . . . .	-	67,151
Total liabilities . . . . .	-	\$ 67,192
<b>Net position:</b>		
Held in trust for scholarships . . . . .	40,604	
Total net position. . . . .	\$ 40,604	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 17
Gifts and contributions . . . . .	6,402
Total additions . . . . .	6,419
 <b>Deductions:</b>	
Scholarships awarded . . . . .	2,827
Change in net position . . . . .	3,592
<b>Net position at beginning of year . . . . .</b>	<b>37,012</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 40,604</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Newark City School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. The Board controls the District's one administrative building, 11 instructional facilities, and one transportation/maintenance/warehouse building compound all staffed by 303 non-certified employees, 510 certified employees to provide services to approximately 6,253 students in grades K through 12.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has two component units.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*DISCRETELY PRESENTED COMPONENT UNITS*

Newark Digital Academy (NDA)

The NDA is a legally separate, non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 3314.03. The NDA is a conversion school that addresses the needs of students who desire a program of online instruction in an independent environment that does not include the most ancillary components of a more traditional education. The NDA is governed by a Board of Trustees. The NDA Board of Trustees may adopt budgets, hire and fire employees and receive funding from the Ohio Department of Education. Based on the significant services provided by the District to NDA, NDA's purpose of servicing the students within the District, and the relationship between the Board of Education of the District and the Board of Directors of NDA, the NDA is reflected as a component unit of the District. Separately issued financial statements can be obtained from the Treasurer of the NDA at 255 Wood Ave., Newark, Ohio 43055.

Par Excellence Academy (Par Ex)

The Par Ex is a legally separate, non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 3314.03. The Par Ex is a conversion school that addresses the needs of students in grades Kindergarten through Third who show a strong interest or talent for the visual arts. The Par Ex is governed by a Board of Trustees. The Board of Trustees may adopt budgets, hire and fire employees and receive funding from the Ohio Department of Education. Based on the significant services provided by the District to Par Ex, Par Ex's purpose of servicing the students within the District and the relationship between the Board of Education of the District and the Board of Trustees of Par Ex, the Par Ex is reflected as a component unit of the District. Separately issued financial statements can be obtained from the Treasurer of Par Ex at 1350 Granville Road, Newark, Ohio 43055.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the NDA and Par Ex component units can be found in Notes 21 and 22, respectively, to these basic financial statements.

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Licking Area Computer Association (LACA)

LACA is the computer service organization or Data Acquisition Site (DAS) used by the District. LACA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Licking County Educational Service Center acts as the fiscal agent for the association. The purpose of the association is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the association are required to pay fees, charges and assessments as charged. A Board made up of superintendents from all of the participating districts governs LACA. An elected Executive Board consisting of five members of the Governing Board is the managerial body of the association and meets on a monthly basis. The District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments in the amount of \$285,555 were made to LACA during the current fiscal year.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Licking County Career and Technology Educational Center (C-TEC)

The C-TEC is a distinct political subdivision of the State of Ohio, which provides vocational education for students. The C-TEC is operated under the direction of a Board consisting of three representatives from the Licking County Educational Service Center, two representatives from Newark City Schools, one representative from the Heath City Schools, and one representative from the Granville Exempted Village Schools elected boards. The C-TEC possesses its own budgeting and taxing authority. Financial information can be obtained from Ben Streby, who serves as the Chief Fiscal Officer, at 150 Price Road, Newark, Ohio 43055.

*PUBLIC ENTITY RISK POOL*

Workers' Compensation Group Rating Program

The District participates in the Sheakley UniServe Workers' Compensation Group Retrospective Rating Program (GRP). The GRP is administered by Sheakley UniServe, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

*RELATED ORGANIZATIONS*

Licking County Library (the "Library")

The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. A Board of Trustees appointed by the District's Board of Education governs the Library. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District serves as the taxing authority and may issue tax-related debt on behalf of the Library, its role is limited to a ministerial function. The District has issued bonds on behalf of the Library (See Note 11). The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. The Library is not considered part of the District, and its operations are not included within the accompanying basic financial statements.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service fund - This fund is used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service.

**PROPRIETARY FUNDS**

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The internal service fund of the District accounts for a self-insurance program which provides medical and dental benefits to employees.

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two agency funds which account for student activities and monies held and remitted to the Ohio High School Athletic Association (OHSAA), respectively.

**C. Basis of Presentation and Measurement Focus**

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's health and dental self-insurance internal service fund are charges for services (premiums). Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within thirty-one days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, includes property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 15 and Note 16 for deferred outflows of resources related the District's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include deferred charges on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 15 and Note 16 for deferred inflows of resources related to the District's net pension liability and net OPEB liability, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Unpaid contractually required pension and OPEB obligations due at year end (See Notes 15 and 16) are recorded as liabilities and expenses/expenditures in both the government-wide and fund financial statements.

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund level for all funds. Any budgetary modifications at the legal level of budgetary control may only be made by resolution of the Board of Education.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Tax Budget:* Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Licking County Budget Commission for rate determination. The Licking County Budget Commissioners waived this requirement for fiscal year 2018.

*Estimated Resources:* By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final amended certificate of estimated resources issued during the fiscal year.

*Appropriations:* Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying a new amended certificate is not necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

In the budgetary statement, the amounts reported as the original budgeted amounts represent the first appropriations passed by the Board during the fiscal year including amounts automatically carried over from prior years and the amounts reported as the final budgeted amounts represent the final appropriations passed by the Board during the fiscal year; including all amendments.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$495,342 which includes \$125,811 assigned from other District funds.

For presentation on the basic financial statements and for the purposes of the statement of cash flows, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, inventories of supplies are reported at cost, inventories held for resale are reported at the lower of cost or market, and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of Net Position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All reported capital assets except land and construction-in-progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net position.

**J. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, the net pension liability, and the net OPEB liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education or a District official delegated that authority by State statute. State statute authorizes the District Treasurer to assign fund balance for purchase on order provided such amounts have been lawfully appropriated.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**M. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**O. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**P. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Interfund activities between governmental funds are eliminated for reporting in the statement of activities.

**Q. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding**

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2018.

**S. Nonpublic Schools**

Within the boundaries of the District, Saint Francis Elementary, Blessed Sacrament Elementary and Newark Catholic High School are operated through the Columbus Catholic Diocese; and Montessori is operated as a private school. State Legislation provides funding to these parochial and private schools. The District receives the money and then disburses the money as directed by the parochial and private schools. These transactions are reported in a nonmajor governmental fund of the District.

**T. Budget Stabilization Arrangement**

The District has established a budget stabilization reserve. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2018, the balance in the budget stabilization reserve was \$934,406. This amount is included in unassigned fund balance of the general fund and in unrestricted net position on the statement of net position.

**U. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2018, the District has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 81 "Irrevocable Split-Interest Agreements" GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the District's postemployment benefit plan disclosures, as presented in Note 16 to the basic financial statements, and added required supplementary information which is presented on pages 118-131.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at July 1, 2017 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 33,963,079
Deferred outflows - payments subsequent to measurement date	150,926
Net OPEB liability	(22,582,428)
Restated net position at July 1, 2017	\$ 11,531,577

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2018 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Miscellaneous grants	\$ 6,697
Miscellaneous state grants	8,036
Title VI-B	120,660
Title I	553,858
EHA preschool grant	5,263
Reducing class size	68,040
Miscellaneous federal grants	36,733

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (State Treasurer's Asset Reserve of Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed fourty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At fiscal year end, the District had \$5,745 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2018, the carrying amount of all District deposits was \$47,195,434 and the bank balance of all District deposits was \$47,415,063. Of the bank balance, \$47,029,921 was covered by the FDIC and \$385,142 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.



**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the District's financial institutions was approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

The District had no investments at June 30, 2018.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to three years or less.

*Credit Risk:* The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District's investment policy does not place specific limits on the percentage of the District's portfolio that may be invested in any one issuer.

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2018:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 47,195,434
Cash on hand	<u>5,745</u>
Total	<u>\$ 47,201,179</u>

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

<u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 47,093,383
Private-purpose trust funds	40,604
Agency fund	<u>67,192</u>
Total	<u>\$ 47,201,179</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund loans receivable/payable consisted of the following at June 30, 2017, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 101,897</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available as an advance at June 30, 2018 was \$1,498,238 in the general fund, \$284,929 in the debt service fund, and \$104,133 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2017 was \$1,454,600 in the general fund, \$276,630 in the debt service fund, and \$101,100 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 6 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second Half Collections		2018 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 740,257,563	95.60	\$ 806,049,778	95.38
Public utility personal	<u>33,848,440</u>	<u>4.40</u>	<u>39,031,530</u>	<u>4.62</u>
Total	<u>\$ 774,106,003</u>	<u>100.00</u>	<u>\$ 845,081,308</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 43.50		\$ 40.80	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2018 consisted of property taxes, income taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Property taxes	\$ 25,228,793
School district income tax	4,288,096
Payment in lieu of taxes	26,430
Accounts	4,808
Accrued interest	45,869
Intergovernmental	<u>1,584,951</u>
Total	<u>\$ 31,178,947</u>

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected in the subsequent year.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8 - INCOME TAXES**

The District levies a voted tax of one percent for general operation on the income of resident and of estate. The tax was effective on January 1, 1998 and was renewed in 2011 for another five year period and was renewed again for an additional five years beginning in January 2017. The current income tax levy will not expire until December 31, 2022. Employers of the residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and totaled \$9,416,219 on the governmental fund financial statements during fiscal year 2018.

**NOTE 9 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds (excluding those already included in payables) were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 973,095
Other governmental	<u>763,225</u>
Total	<u><u>\$ 1,736,320</u></u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 10 - CAPITAL ASSETS**

The change in governmental activities capital assets for fiscal year 2018 is as follows:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2018</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,970,712	\$ -	\$ -	\$ 1,970,712
Construction-in-progress	<u>2,281,317</u>	<u>931,231</u>	<u>(1,845,796)</u>	<u>1,366,752</u>
Non-depreciable capital assets	<u>4,252,029</u>	<u>931,231</u>	<u>(1,845,796)</u>	<u>3,337,464</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,145,332	30,000	-	1,175,332
Building/improvements	160,302,008	1,845,796	-	162,147,804
Furniture/equipment	4,038,233	74,858	-	4,113,091
Vehicles	<u>5,347,600</u>	<u>311,819</u>	<u>(196,791)</u>	<u>5,462,628</u>
Depreciable capital assets	<u>170,833,173</u>	<u>2,262,473</u>	<u>(196,791)</u>	<u>172,898,855</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(456,125)	(49,467)	-	(505,592)
Building/improvements	(27,943,011)	(3,311,636)	-	(31,254,647)
Furniture/equipment	(3,203,931)	(171,938)	-	(3,375,869)
Vehicles	<u>(3,830,022)</u>	<u>(310,218)</u>	<u>196,791</u>	<u>(3,943,449)</u>
Total accumulated depreciation	<u>(35,433,089)</u>	<u>(3,843,259)</u>	<u>196,791</u>	<u>(39,079,557)</u>
Governmental activities capital assets, net	<u>\$ 139,652,113</u>	<u>\$ (649,555)</u>	<u>\$ (1,845,796)</u>	<u>\$137,156,762</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 2,572,571
Special	2,000
Vocational	147,441
<u>Support services:</u>	
Pupil	91,326
Instructional staff	147,455
Administration	74,596
Business	1,279
Operations and maintenance	176,936
Pupil transportation	269,732
<u>Operation of non-instructional services:</u>	
Food service operations	217,221
Extracurricular activities	<u>142,702</u>
Total depreciation expense	<u>\$ 3,843,259</u>

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 11 - LONG-TERM OBLIGATIONS**

The District's long-term obligations during the year consist of the following. The long-term obligations at June 30, 2017 have been restated as described in Note 3.A.

	Restated Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
<u>General Obligation Bonds:</u>					
Refunding bonds - Series 2012					
Current interest bonds	\$ 8,545,000	\$ -	\$ -	\$ 8,545,000	\$ -
Unamortized premium	856,391	-	(115,469)	740,922	-
Refunding bonds - Series 2013					
Current interest bonds	8,475,000	-	(1,020,000)	7,455,000	1,685,000
Unamortized premium	632,123	-	(60,684)	571,439	-
Capital appreciation bonds	281,839	-	(213,977)	67,862	-
Accreted interest	451,354	140,296	(426,023)	165,627	-
Refunding bonds - Series 2014					
Current interest bonds	8,660,000	-	(65,000)	8,595,000	65,000
Unamortized premium	816,647	-	(49,745)	766,902	-
Capital appreciation bonds	24,788	-	-	24,788	-
Accreted interest	84,330	65,357	-	149,687	-
Refunding bonds - Series 2016					
Current interest bonds	24,175,000	-	(1,055,000)	23,120,000	1,080,000
Unamortized premium	1,870,521	-	(121,332)	1,749,189	-
Total general obligation bonds payable	<u>54,872,993</u>	<u>205,653</u>	<u>(3,127,230)</u>	<u>51,951,416</u>	<u>2,830,000</u>

(Continued)

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

	Restated Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities (continued)</b>					
<u>Other Long-Term Obligations:</u>					
Capital lease obligations	\$ 205,697	\$ -	\$ (48,386)	\$ 157,311	\$ 50,358
Notes payable	1,500,000	-	(150,000)	1,350,000	150,000
Net pension liability:					
STRS	89,053,823	-	(25,202,971)	63,850,852	-
SERS	21,202,935	-	(4,441,672)	16,761,263	-
Total net pension liability	<u>110,256,758</u>	<u>-</u>	<u>(29,644,643)</u>	<u>80,612,115</u>	<u>-</u>
Net OPEB liability:					
STRS	14,228,242	-	(3,741,178)	10,487,064	-
SERS	8,354,186	-	(736,164)	7,618,022	-
Total net OPEB liability	<u>22,582,428</u>	<u>-</u>	<u>(4,477,342)</u>	<u>18,105,086</u>	<u>-</u>
Compensated absences	<u>3,043,674</u>	<u>659,664</u>	<u>(509,891)</u>	<u>3,193,447</u>	<u>351,488</u>
Total other long-term obligations	<u>137,588,557</u>	<u>659,664</u>	<u>(34,830,262)</u>	<u>103,417,959</u>	<u>551,846</u>
Total long-term obligations	<u>\$ 192,461,550</u>	<u>\$ 865,317</u>	<u>\$ (37,957,492)</u>	<u>\$ 155,369,375</u>	<u>\$ 3,381,846</u>

Series 2012 Refunding General Obligation Bonds

On May 8, 2012, the District issued general obligation bonds (Series 2012 Refunding Bonds) to advance refund the callable of the Series 2005 school improvement current interest bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of Net Position. The refunding bond proceeds were received in the debt service fund and disbursed to the bond escrow agent for payment of future debt service requirements on the refunded Series 2005 bonds. The balance of the refunded bonds at June 30, 2018, is \$8,740,000.

The refunding issue is comprised of current interest bonds, par value \$8,545,000. The interest rates on the current interest bonds range from 4.0% - 5.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2024.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,301,981. This amount is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized balance is reported as a deferred outflow of resources on the statement of net position.

Series 2013 Refunding General Obligation Bonds

On December 30, 2013, the District issued general obligation bonds (Series 2013 Refunding Bonds) to advance refund the callable portion of the Series 2005 school improvement bonds (\$5,930,000) and the Series 2005A school improvement bonds (\$3,225,000). This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds at June 30, 2018, is \$7,620,000.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The refunding issue is comprised of both current interest bonds, par value \$8,870,000, and capital appreciation bonds par value \$281,839. The interest rates on the current interest bonds range from 1.5 to 4.0 percent. The capital appreciation bonds mature on December 1, 2017 (effective interest rate 30.0 percent) and on December 1, 2019 (effective interest rate 30.0 percent) at a redemption price equal to 100 percent of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2017 is \$640,000 and the accreted value at maturity for the capital appreciation bond maturing December 1, 2019 is \$355,000. Total accreted interest of \$165,627 has been included in the statement of net position at June 30, 2018.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2027.

The reacquisition price exceeded the net carrying amount of the old debt by \$684,363. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized balance is reported as deferred outflow on the statement of net position.

*Series 2014 Refunding General Obligation Bonds*

On April 9, 2014, the District issued general obligation bonds (Series 2014 Refunding Bonds) to advance refund the callable portion of the Series 2005A school improvement bonds (\$9,010,000). This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds at June 30, 2018, is \$9,010,000.

The refunding issue is comprised of both current interest bonds, par value \$8,985,000, and capital appreciation bonds par value \$24,788. The interest rates on the current interest bonds range from 2.0 to 4.0 percent. The capital appreciation bonds mature on December 1, 2020 (effective interest rate 53.0 percent) and on December 1, 2021 (effective interest rate 53.0 percent) at a redemption price equal to 100 percent of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2020 is \$70,000 and the accreted value at maturity for the capital appreciation bond maturing December 1, 2021 is \$790,000. Total accreted interest of \$149,687 has been included in the statement of net position at June 30, 2018.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2033.

The reacquisition price exceeded the net carrying amount of the old debt by \$839,154. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized balance is reported as deferred outflow on the statement of net position.

*Series 2016 Refunding General Obligation Bonds*

On March 15, 2016, the District issued general obligation bonds (Series 2016 Refunding Bonds) to advance refund the callable portion of the Series 2006 library refunding bonds (\$3,170,000), the Series 2005 school improvement bonds (\$21,630,000), and the Series 2005A school improvement bonds (\$3,390,000). This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds at June 30, 2018, is \$24,695,000.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The refunding issue is comprised of current interest bonds, par value \$8,985,000. The interest rates on the current interest bonds range from 1.5 to 4.0 percent. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2032.

The net carrying amount of the old debt (including unamortized premiums and deferred charges) exceeded the reacquisition price by \$57,147. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized balance is reported as a component of deferred outflow on the statement of net position.

Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2018, which will be paid from the debt service fund, are as follows:

Fiscal Year Ended	Refunding Bonds Current Interest			Refunding Bonds Capital Appreciation		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 2,830,000	\$ 1,665,756	\$ 4,495,756	\$ -	\$ -	\$ -
2020	2,495,000	1,610,282	4,105,282	67,862	287,138	355,000
2021	2,865,000	1,531,738	4,396,738	3,079	66,921	70,000
2022	2,270,000	1,437,685	3,707,685	21,709	768,291	790,000
2023	3,055,000	1,352,831	4,407,831	-	-	-
2024 - 2028	14,985,000	5,260,264	20,245,264	-	-	-
2029 - 2033	17,990,000	2,100,000	20,090,000	-	-	-
2034	1,225,000	24,500	1,249,500	-	-	-
<b>Total</b>	<b>\$47,715,000</b>	<b>\$14,983,056</b>	<b>\$62,698,056</b>	<b>\$ 92,650</b>	<b>\$ 1,122,350</b>	<b>\$ 1,215,000</b>

Capital Lease Obligations

See Note 12 for information on the District's capital lease obligations.

Notes Payable

On January 22, 2016, the District issued \$1,500,000 in general obligation tax anticipation notes to provide for the renovations and improvements at White Field. The tax anticipation notes are capital related and long-term in nature and therefore are reported as a long-term obligation of the governmental activities. The notes bear an interest rate of 2.63% and mature on December 1, 2026. Interest payments are due June 1 and December 1 of each year. The following is a schedule of the future debt service requirement on the note obligation, in which payments will be made from the permanent improvement fund:

Fiscal Year Ended	Tax Anticipation Note Payable		
	Principal	Interest	Total
2019	\$ 150,000	\$ 33,533	\$ 183,533
2020	150,000	29,587	179,587
2021	150,000	25,643	175,643
2022	150,000	21,698	171,698
2023	150,000	17,752	167,752
2024 - 2027	600,000	31,560	631,560
<b>Total</b>	<b>\$ 1,350,000</b>	<b>\$ 159,773</b>	<b>\$ 1,509,773</b>

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Net Pension Liability

See Note 15 for information on the District's net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability

See Note 16 for information on the District's net OPEB liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid. Compensated absences will primarily be paid from the general fund.

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2018, are a voted debt margin of \$29,284,871 (including available funds of \$1,035,203) and an unvoted debt margin of \$845,081.

**NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE**

During fiscal years 2016 and 2012, the District entered into capital lease agreements for copiers. These leases meet the criteria of a capital lease as defined by GASB which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances - general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been capitalized in the amount of \$252,284, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2018 was \$100,914 leaving a current book value of \$151,370.

At inception, a liability was recorded on the statement of net position for the present value of the future minimum lease payments required under the lease agreements. Principal payments in the 2018 fiscal year totaled \$48,386. This amount is reflected as debt service principal retirement in the general fund and as a reduction to the long-term liabilities reported on the statement of net position. The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2018:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2019	\$ 56,200
2020	56,200
2021	56,200
	<hr style="width: 100%;"/>
	168,600
Less: amount representing interest	<hr style="width: 100%;"/> (11,289)
Present value of minimum lease payments	<hr style="width: 100%;"/> \$ 157,311

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-two days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for twenty-five percent of the total sick leave accumulation, up to a maximum accumulation of seventy days for certificated employees and seventy-five days for classified employees. An employee receiving such payment must meet the retirement provisions set by the State Teachers Retirement System of Ohio and School Employees Retirement System.

**B. Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance in the amount of \$50,000 to certified employees. For classified employees, group term life insurance is provided in the amount of \$50,000 for employees under contract for thirty-five hours or more per week, \$20,000 for classified employees under contract for twenty to thirty-four hours per week, and \$10,000 for employees working less than twenty hours per week.

**NOTE 14 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2018, the District maintained comprehensive insurance coverage for liability, real property, building contents and vehicles. The District obtains insurance coverage through Wright Specialty Insurance (Andrew Insurance Agency). Vehicle policies include liability coverage for bodily injury and property damage.

The following is a description of the District's insurance coverage:

Building and contents - replacement cost	\$ 141,629,075
Equipment breakdown	141,629,075
General Liability:	
Per occurrence	1,000,000
Annual aggregate	2,000,000
Data compromise coverage	100,000
Vehicle - combined single limit	1,000,000
Educators legal liability	1,000,000
Educators excess liability	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no reduction in coverage from the prior year.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 14 - RISK MANAGEMENT - (Continued)**

**B. Group Health and Dental Insurance**

Health, life, dental and other group insurance is offered to employees as a fringe benefit. The District provides medical and dental insurance for its employees on a self-insurance basis. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions. Classified, certified, administrative and exempt employees receive health insurance that is 80% Board-paid and 20% employee paid and dental insurance that is 75% Board-paid and 25% employee paid. All life insurance is 100% Board-paid for all full-time staff.

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 16. As such, no funding provisions are required by the District.

All funds of the District participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The claims liability of \$607,000 reported in the basic financial statements at June 30, 2018, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claim.

Claims activities for the current and prior year are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2018	\$ 529,000	\$ 8,988,274	\$ (8,910,274)	\$ 607,000
2017	\$ 616,000	\$ 8,597,003	\$ (8,684,003)	\$ 529,000

**C. Workers’ Compensation Rating Program**

For fiscal year 2018, the District participated in the Sheakley UniServe Workers’ Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Under the GRP, the participating districts continues to pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating districts receive either a premium refund or an assessment. The participating districts pay an experience- or base-rated premium under the same terms as if they were not in a retrospective group. The group-retrospective premiums are recalculated twelve months after the end of the policy year and the recalculated premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, the participating districts receive a refund . If the retrospective premium is higher than the standard premium, the participating districts are charged an assessment. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the GRP.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on the accrual basis of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,271,035 for fiscal year 2018. Of this amount, \$89,981 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2018, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$4,345,521 for fiscal year 2018. Of this amount, \$746,276 is reported as pension and postemployment benefits payable.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Net Pension Liability***

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.28969410%	0.26604662%	
Proportion of the net pension liability current measurement date	<u>0.28053360%</u>	<u>0.26878668%</u>	
Change in proportionate share	<u>(0.00916050)%</u>	<u>0.00274006%</u>	
Proportionate share of the net pension liability	\$ 16,761,263	\$ 63,850,852	\$ 80,612,115
Pension expense	\$ (737,414)	\$ (24,433,400)	\$ (25,170,814)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 721,349	\$ 2,465,619	\$ 3,186,968
Changes of assumptions	866,738	13,964,883	14,831,621
Difference between District contributions and proportionate share of contributions/ change in proportionate share	69,276	1,446,321	1,515,597
District contributions subsequent to the measurement date	<u>1,271,035</u>	<u>4,345,521</u>	<u>5,616,556</u>
Total deferred outflows of resources	<u>\$ 2,928,398</u>	<u>\$ 22,222,344</u>	<u>\$ 25,150,742</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 514,613	\$ 514,613
Net difference between projected and actual earnings on pension plan investments	79,561	2,107,154	2,186,715
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>447,828</u>	<u>412,145</u>	<u>859,973</u>
Total deferred inflows of resources	<u>\$ 527,389</u>	<u>\$ 3,033,912</u>	<u>\$ 3,561,301</u>



**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$5,616,556 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	\$ 538,110	\$ 3,094,395	\$ 3,632,505
2020	853,854	5,960,847	6,814,701
2021	128,748	4,506,088	4,634,836
2022	(390,738)	1,281,581	890,843
Total	\$ 1,129,974	\$ 14,842,911	\$ 15,972,885

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or ad hoc COLA	2.50 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 23,260,277	\$ 16,761,263	\$ 11,317,013

***Actuarial Assumptions - STRS Ohio***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll increases	3 percent	3.5 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$ 91,528,023	\$ 63,850,852	\$ 40,536,984

**NOTE 16 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability*

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on the accrual basis of accounting.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was \$153,541.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$200,616 for fiscal year 2018. Of this amount, \$156,755 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

*Net OPEB Liability*

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.29309130%	0.26604662%	
Proportion of the net OPEB liability current measurement date	<u>0.28385870%</u>	<u>0.26878668%</u>	
Change in proportionate share	<u>(0.00923260)%</u>	<u>0.00274006%</u>	
Proportionate share of the net OPEB liability	\$ 7,618,022	\$ 10,487,064	\$ 18,105,086
OPEB expense	\$ 375,644	\$ (3,179,153)	\$ (2,803,509)

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 605,379	\$ 605,379
Difference between District contributions and proportionate share of contributions/ change in proportionate share	-	125,606	125,606
District contributions subsequent to the measurement date	<u>200,616</u>	<u>-</u>	<u>200,616</u>
Total deferred outflows of resources	<u>\$ 200,616</u>	<u>\$ 730,985</u>	<u>\$ 931,601</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 20,118	\$ 448,242	\$ 468,360
Changes of assumptions	722,911	844,768	1,567,679
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>217,853</u>	<u>-</u>	<u>217,853</u>
Total deferred inflows of resources	<u>\$ 960,882</u>	<u>\$ 1,293,010</u>	<u>\$ 2,253,892</u>

\$200,616 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (345,885)	\$ (131,025)	\$ (476,910)
2020	(345,885)	(131,025)	(476,910)
2021	(264,081)	(131,025)	(395,106)
2022	(5,029)	(131,025)	(136,054)
2023	(2)	(18,967)	(18,969)
Thereafter	<u>-</u>	<u>(18,958)</u>	<u>(18,958)</u>
Total	<u>\$ (960,882)</u>	<u>\$ (562,025)</u>	<u>\$ (1,522,907)</u>



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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Actuarial Assumptions - SERS*

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumption:	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates* - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	\$ 9,199,731	\$ 7,618,022	\$ 6,364,904

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	\$ 6,181,454	\$ 7,618,022	\$ 9,519,344

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	\$ 14,078,716	\$ 10,487,064	\$ 7,648,486
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 7,285,963	\$ 10,487,064	\$ 14,700,089

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 17 – CONTINGENCIES – (Continued)**

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. Foundation Funding**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

**NOTE 18 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year. The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2017	\$ -
Current year set-aside requirement	1,088,847
Current year offsets	<u>(1,088,847)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2019	<u>\$ -</u>
Set-aside balance June 30, 2018	<u>\$ -</u>

**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING – (Continued)**

The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 4,878,728
Net adjustment for revenue accruals	(120,698)
Net adjustment for expenditure accruals	244,358
Net adjustment for other sources/uses	(709,071)
Funds budgeted elsewhere	30,579
Adjustment for encumbrances	1,116,549
GAAP basis	<u>\$ 5,440,445</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the public school support fund, the school activity trusts fund, the staff trusts fund, the rotary-special services fund, and the rotary fund.

**NOTE 20 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

The City of Newark has entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program within taxing districts of the District. The CRA program is a direct incentive tax exemption program benefiting property owners who renovate existing buildings or construct new buildings. Under this program, the City of Newark has designated areas to encourage revitalization of the existing structures and the development of new structures.

**NEWARK CITY SCHOOL DISTRICT  
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**NOTE 20 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS – (Continued)**

The District has incurred a reduction in property tax receipts due to agreements entered into by the City of Newark. During fiscal year 2018, the District’s property tax receipts were reduced under agreements entered into by the City of Newark as follows:

Government Entering Into Agreement	Tax Abatement Program CRA
City of Newark	\$ 242,043

The District is not receiving any amounts from the City of Newark in association with the forgone property tax receipts.

**NOTE 21 - NEWARK DIGITAL ACADEMY**

The Newark Digital Academy (NDA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 1702 and 3314. NDA is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect NDA’s tax exempt status. NDA’s objective is to deliver a comprehensive educational program of high quality, tied to state and national standards, which can be delivered to students in the K-12 population entirely through distance learning technologies. The students may include, but will not be limited to, home schoolers, children with special physical and mental needs, students removed from the regular classroom for discipline concerns, students who need an alternative to the traditional classroom for various reasons, including religious reasons, transient students, and students with the Newark City School District, (sponsor of the NDA), that desire a specific course not currently offered but is available through online instruction.

NDA was created on February 11, 2003 by entering into a five year contract with the Newark City School District (the “Sponsor”) through fiscal year 2008. On September 10, 2012, the NDA entered into a new five year contract through fiscal year 2017, which was subsequently extended through fiscal year 2019. The Sponsor is responsible for evaluating the performance of the NDA and has the authority to deny renewal of the contract at its expiration. The Sponsor receives payment from the NDA for oversight, monitoring and other purchased services (as agreed to between the NDA and the Sponsor). During fiscal year 2018, the NDA paid sponsorship fees and operating expenses of \$118,109 to its Sponsor. The NDA is considered a component unit of the Newark City School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Effective June 29, 2018, the Newark City School District relinquished community school sponsorship authority with the NDA.

NDA has entered into a purchased services agreement contract with Ace Digital Academy (ADA) for the provision of on-line curriculum.

NDA operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out provisions of the contract which, include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

The basic financial statements of the NDA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy's significant accounting policies are described below.

**Basis of Presentation** - The NDA's basic financial statements consist of a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows.

NDA uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

**Measurement Focus and Basis of Accounting** - The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of NDA are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how NDA's finances meet its cash flow needs.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. NDA's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenues resulting from non-exchange transactions, in which NDA receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which NDA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to NDA on a reimbursement basis. Expenses are recognized at the time they are incurred.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The NDA has reported deferred outflows related to the NDA's net pension liability and net OPEB liability.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The NDA has reported deferred inflows related to the NDA's net pension liability and net OPEB liability.

**Budgetary Process** - Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the NDA and its Sponsor. The contract between the NDA and its Sponsor does not require the NDA to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

**Cash and Cash Equivalents** - Cash received by NDA is reflected as “cash and cash equivalents” on the statement of net position. NDA had no investments during the fiscal year ended June 30, 2018.

**Capital Assets** - All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The NDA maintains a capitalization threshold of one thousand dollars. The NDA does not possess any infrastructure.

All reported capital assets, except for land, are depreciated. Depreciation is computed using the straight-line method. Buildings are depreciated over forty years, furniture is depreciated over twenty years, and computers are depreciated over six years.

**Intergovernmental Revenue** - The NDA currently participates in the State Foundation Program, the Data Communication grant, IDEA Part B grant, the Title I Disadvantaged Children grant, the Improving Teacher Quality grant, and the Title IV-A student enrichment grant. Revenue from the State Foundation Program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2018 school year, excluding all other State and Federal grants, totaled \$2,056,034.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. State and Federal grants revenue for the fiscal year 2018 received was \$313,312.

**Prepaid Items** - Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year which services are consumed.

**Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the NDA. Operating expenses are necessary costs incurred to provide goods or services that are the primary activity of the NDA. All revenues and expenses not meeting this definition are reported as non-operating.

**Net Position** - Net position represents the difference between assets and liabilities. The net position component “investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or accrued liabilities used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the NDA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The NDA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Pensions/Other Postemployment Benefits (OPEB)** - For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

**Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

**Compensated Absences** - In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16. At June 30, 2018, two employees met this criteria to record a liability for sick leave. There was no liability for unused vacation days at fiscal year-end

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2018, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the statement of net position.

**CHANGES IN ACCOUNTING POLICIES**

For fiscal year 2018, the NDA has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 81 "Irrevocable Split-Interest Agreements" GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the NDA's postemployment benefit plan disclosures.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the NDA.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the NDA.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the NDA.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at July 1, 2017 have been restated as follows:

	Net Position
Net position as previously reported	\$ 2,232,833
Deferred outflows - payments subsequent to measurement date	2,715
Net OPEB liability	(640,215)
Restated net position at July 1, 2017	\$ 1,595,333

Other than employer contributions subsequent to the measurement date, the NDA made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

**DEPOSITS**

At June 30, 2018, the carrying amount of NDA deposits was \$2,782,913. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2018, the entire bank balance of \$2,821,498 was covered by the Federal Deposit Insurance Corporation.

**PURCHASED SERVICES**

For fiscal year ended June 30, 2018, purchased services expenses were as follows:

Professional and technical services	\$ 336,038
Property services	44,066
Travel mileage/meeting expenses	42,669
Communications	110,915
Utilities	17,059
Tuition and similar payments	149,886
Other purchased services	243,836
Total	\$ 944,469

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

**CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance <u>06/30/17</u>	Additions	Reductions	Balance <u>06/30/18</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 6,630	\$ -	\$ -	\$ 6,630
Total capital assets, not being depreciated	<u>6,630</u>	<u>-</u>	<u>-</u>	<u>6,630</u>
<i>Capital assets, being depreciated:</i>				
Building	1,684,099	-	-	1,684,099
Furniture and equipment	<u>68,518</u>	<u>12,149</u>	<u>-</u>	<u>80,667</u>
Total capital assets, being depreciated	<u>1,752,617</u>	<u>12,149</u>	<u>-</u>	<u>1,764,766</u>
<i>Less: accumulated depreciation</i>				
Building	(224,810)	(74,872)	-	(299,682)
Furniture and equipment	<u>(47,938)</u>	<u>(4,577)</u>	<u>-</u>	<u>(52,515)</u>
Total accumulated depreciation	<u>(272,748)</u>	<u>(79,449)</u>	<u>-</u>	<u>(352,197)</u>
Capital assets, net	<u>\$ 1,486,499</u>	<u>\$ (67,300)</u>	<u>\$ -</u>	<u>\$ 1,419,199</u>

**SERVICE AGREEMENT**

**ACE Digital Academy** – NDA is in the third year of a three-year contract with Ace Digital Academy (ADA) for the provision of online curriculum. During fiscal year 2018, the NDA Board of Directors approved the renewal of the contract with ADA for an additional three years ending June 30, 2021.

ADA is an internet-based educational delivery system designed for grades K-12, providing alternative educational options for credit deficiencies, alternative programs, students being schooled at home and summer school programs.

Under the contract, the following terms were agreed upon:

ADA shall provide NDA with the following services: development and maintenance of NDA’s ADA database including registration of students and faculty, technology professional development, ADA technical support, marketing consultation, treasurer’s office/EMIS support, and intervention support.

The student ADA license fees will be the responsibility of NDA at a rate of \$150 per student. Additional fees will be charged for students enrolled in specialized courses.

For fiscal year 2018, \$271,040 was paid by NDA under this contract.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

**RISK MANAGEMENT**

The NDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Coverage was provided by various insurance carriers. During fiscal year ending June 30, 2018, the NDA contracted through Philadelphia Insurance for the following coverage amounts:

Per Occurrence	\$	1,000,000
Annual Aggregate	\$	2,000,000

In addition, NDA purchased \$1,000,000 excess liability coverage through Lexington Insurance Company and a \$1,000,000 multi-media liability, network security, data recovery and business interruption, privacy regulatory defense and penalties, crisis management and customer notification, data extortion, and payment card industry fines and penalties policy through Lloyds of London.

Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant changes in coverage from the prior year.

**CONTINGENCIES**

**Grants** - The NDA received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the NDA at June 30, 2018, if applicable, cannot be determined at this time.

**Litigation** - The NDA is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.

**State Foundation Funding** - School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the NDA for fiscal year 2018.

As of the date of this report, ODE adjustments for fiscal year 2018 have been finalized and are reflected in the NDA's financial statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

In addition, the NDA's contract with their Sponsor requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2018 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2018 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the NDA.

**DEFINED BENEFIT PENSION PLANS**

**Net Pension Liability** - The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the NDA's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

**Plan Description - School Employees Retirement System (SERS)** - The NDA non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the NDA is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The NDA's contractually required contribution to SERS was \$29,604 for fiscal year 2018. Of this amount, \$1,044 is reported as intergovernmental payable.

**Plan Description - State Teachers Retirement System (STRS)** - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2018, plan members were required to contribute 14 percent of their annual covered salary. The NDA was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The NDA's contractually required contribution to STRS was \$146,665 for fiscal year 2018.

**Net Pension Liability** - The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NDA's proportion of the net pension liability was based on the NDA's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.00586150%	0.00885582%	
Proportion of the net pension liability current measurement date	<u>0.00665700%</u>	<u>0.00952986%</u>	
Change in proportionate share	<u>0.00079550%</u>	<u>0.00067404%</u>	
Proportionate share of the net pension liability	\$ 397,741	\$ 2,263,839	\$ 2,661,580
Pension expense	\$ 20,389	\$ (674,216)	\$ (653,827)

At June 30, 2018, the NDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 17,120	\$ 87,418	\$ 104,538
Changes of assumptions	20,567	495,126	515,693
Difference between NDA contributions and proportionate share of contributions/ change in proportionate share	63,447	600,656	664,103
NDA contributions subsequent to the measurement date	<u>29,604</u>	<u>146,665</u>	<u>176,269</u>
Total deferred outflows of resources	<u>\$ 130,738</u>	<u>\$ 1,329,865</u>	<u>\$ 1,460,603</u>



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 18,246	\$ 18,246
Net difference between projected and actual earnings on pension plan investments	<u>1,889</u>	<u>74,710</u>	<u>76,599</u>
Total deferred inflows of resources	<u>\$ 1,889</u>	<u>\$ 92,956</u>	<u>\$ 94,845</u>

\$176,269 reported as deferred outflows of resources related to pension resulting from NDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ 50,660	\$ 301,785	\$ 352,445
2020	42,032	403,411	445,443
2021	15,826	307,400	323,226
2022	<u>(9,273)</u>	<u>77,648</u>	<u>68,375</u>
Total	<u>\$ 99,245</u>	<u>\$ 1,090,244</u>	<u>\$ 1,189,489</u>

**DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability** - The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the NDA’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

**Plan Description - School Employees Retirement System (SERS)** - The NDA contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the NDA's surcharge obligation was \$627.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The NDA's contractually required contribution to SERS was \$1,723 for fiscal year 2018. Of this amount, \$664 is reported as intergovernmental payable.

**Plan Description - State Teachers Retirement System (STRS)** - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

**Net OPEB Liability** - The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The NDA's proportion of the net OPEB liability was based on the NDA's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.00584497%	0.00885582%	
Proportion of the net OPEB liability current measurement date	<u>0.00610230%</u>	<u>0.00952986%</u>	
Change in proportionate share	<u>0.00025733%</u>	<u>0.00067404%</u>	
Proportionate share of the net OPEB liability	\$ 163,770	\$ 371,820	\$ 535,590
OPEB expense	\$ 11,391	\$ (108,309)	\$ (96,918)

At June 30, 2018, the NDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 21,464	\$ 21,464
Difference between NDA contributions and proportionate share of contributions/ change in proportionate share	4,465	30,897	35,362
NDA contributions subsequent to the measurement date	<u>1,723</u>	<u>-</u>	<u>1,723</u>
Total deferred outflows of resources	<u>\$ 6,188</u>	<u>\$ 52,361</u>	<u>\$ 58,549</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 433	\$ 15,893	\$ 16,326
Changes of assumptions	<u>15,541</u>	<u>29,951</u>	<u>45,492</u>
Total deferred inflows of resources	<u>\$ 15,974</u>	<u>\$ 45,844</u>	<u>\$ 61,818</u>

\$1,723 reported as deferred outflows of resources related to OPEB resulting from NDA contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (4,121)	\$ (238)	\$ (4,359)
2020	(4,121)	(238)	(4,359)
2021	(3,158)	(238)	(3,396)
2022	(108)	(238)	(346)
2023	(1)	3,735	3,734
Thereafter	-	3,734	3,734
Total	<u>\$ (11,509)</u>	<u>\$ 6,517</u>	<u>\$ (4,992)</u>

**RECEIVABLES**

Receivables at June 30, 2018 consisted of intergovernmental grants and sponsor fee overpayment as a result of FTE adjustments in the amount of \$127,121. These intergovernmental receivables are expected to be collected in the subsequent year.

**LONG-TERM OBLIGATIONS**

The long-term obligations at June 30, 2017 have been restated. The NDA's long-term obligations during the year consist of the following:

	Restated Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Amounts Due in <u>One Year</u>
Net pension liability:					
STRS	\$ 2,964,310	\$ -	\$ (700,471)	\$ 2,263,839	\$ -
SERS	429,008	-	(31,267)	397,741	-
Total net pension liability	<u>3,393,318</u>	<u>-</u>	<u>(731,738)</u>	<u>2,661,580</u>	<u>-</u>
Net OPEB liability:					
STRS	\$ 473,612	\$ -	\$ (101,792)	\$ 371,820	\$ -
SERS	166,603	-	(2,833)	163,770	-
Total net OPEB liability	<u>640,215</u>	<u>-</u>	<u>(104,625)</u>	<u>535,590</u>	<u>-</u>
Intergovernmental payable (FTE adjustment)	549,157	-	(174,732)	374,425	374,425
Compensated absences:					
Severance liability	<u>5,908</u>	<u>-</u>	<u>(4,809)</u>	<u>1,099</u>	<u>-</u>
Total long-term liabilities	<u>\$ 4,588,598</u>	<u>\$ -</u>	<u>\$ (1,015,904)</u>	<u>\$ 3,572,694</u>	<u>\$ 374,425</u>

Net Pension Liability: See Note 9 for information on the NDA's net pension liability.

Net OPEB Liability: See Note 10 for information on the NDA's net OPEB liability.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

*Intergovernmental Payable:* Represents the amounts due to the State of Ohio based upon the results of fiscal year 2017 full-time equivalency (FTE) true-ups calculated by ODE. This amount was fully repaid by the Newark City School District.

**NEWARK DIGITAL ACADEMY CLOSURE**

The NDA ceased operations effective June 29, 2018. The Newark City School District (the "District") entered into a Settlement Agreement with the Ohio Department of Education whereby the District exercised community school sponsorship authority until June 29, 2018, after which time the District relinquished such authority. The agreement continues that NDA would cease operations as a community school on or before June 29, 2018, with the understanding that the NDA is closing as a community school but will continue in operation as a program of the District. NDA's educational program and NDA's assets of any kind shall transfer to the District for use by the District in operating the program. All assets and liabilities of the NDA shall transfer to the District.

On June 29, 2018, the Newark City School District Board of Education (the "Board") and the NDA entered into an Agreement to Close and Transfer Newark Digital Academy. The Agreement states that upon NDA's cessation as a community school, NDA's program and facilities shall merge into the District to be operated by the Board as a program of the District. In accordance with the Agreement, the NDA shall take all necessary actions to (1) convey to the Board all real and personal property used for or related to the operation of NDA, (2) assign all intellectual property to the Board, and (3) transfer all funds, accounts receivable, and other financial assets to the Board after paying for costs associated with its performance obligations and any other legal obligation.

The NDA corporation and its Governing Authority shall remain in existence at least until all of NDA's obligations have been fully performed.

**SIGNIFICANT SUBSEQUENT EVENTS**

At July 1, 2018, the NDA retained \$20,000 to pay for costs associated with bank charges, SERS surcharge, SERS true-up, a credit card payment, and a payment to a vendor. These monies, recorded as accounts payable at June 30, 2018, were paid by the NDA in July 2018. On July 30, 2018, the NDA closed its bank account and transferred \$2,762,913 to the Newark City School District (the "District") in accordance with closure agreements outlined above.

Effective July 1, 2018, the District assumed all assets and liabilities of the NDA. Intergovernmental payables and receivables, primarily related to Foundation funding of the NDA, became assets of or obligations to the District. Pension and OPEB related deferred inflows of resources, deferred outflows of resources, the net pension liability, the net OPEB liability, and compensated absence liabilities became obligations of the District as substantially all NDA employees became employees of the District. Prepayments became assets to the District.

On September 19, 2018, the NDA transferred title to its building located at 255 Woods Avenue, Newark, Ohio to the District.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 22 - PAR EXCELLENCE ACADEMY**

The Par Excellence Academy, Licking County, Ohio (the “Academy”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702, to maintain and provide an Academy exclusively for any educational, literary, scientific and related teaching service, that qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy’s tax exempt status. The Academy’s objective is to deliver a unique opportunity for students who show a strong interest or talent in the visual arts which can be delivered to students in grades Kindergarten through 3<sup>rd</sup> grade. It is to be operated in cooperation with the public schools to provide an appreciation of the visual arts through studies of its history, theory and design. The Academy, which is part of the State’s education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the school.

The Academy was approved for operation under a contract with the Newark City School District (the “Sponsor”) for the period July 1, 2014 through June 30, 2018. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. During fiscal year 2018, the Academy paid \$34,009 in sponsorship fees to the Newark City School District. The Academy is considered a component unit of the Newark City School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61.

The Academy operates under the direction of a self-appointed nine-member Board of Trustees. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Board controls the Academy’s one instructional/support facility staffed by 6 non-certified staff members and 18 certified staff members who provide services to 150 students.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy’s significant accounting policies are described below.

**Basis of Presentation** - The Academy uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods and services.

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as nonoperating.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

**Measurement Focus and Basis of Accounting** - Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy has reported deferred outflows related to the Academy's net pension liability and net OPEB liability.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Academy has reported deferred inflows related to the Academy's net pension liability and net OPEB liability.

**Budgetary Process** - Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its Sponsor. The contract between the Academy and its Sponsor does require the Academy to follow the provisions Ohio Revised Code Chapter 5705; however, no budgetary information is presented.

**Cash** - All monies received by the Academy are deposited into demand deposit accounts.

**Net Position** - Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The Academy had no capital related debt at June 30, 2018. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Intergovernmental Revenue** - The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

Grants and entitlements are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

The Academy also participates in various federal programs passed through the Ohio Department of Education.

Under the above programs the Academy recorded \$1,200,512 this fiscal year from the Foundation Program and Casino Tax Revenues and \$360,630 from Federal Grants.

**Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Accrued Liabilities** – Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. These liabilities consisted of Accounts Payable, Accrued Expenses, Wages and Benefits Payable, Capital Leases Payable, and Withholdings Payable totaling \$322,007 at June 30, 2018.

**Compensated Absences** - In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. The Academy does not have a policy regarding the payment of unused sick leave for termination (severance) benefits; therefore, a liability is not accrued for unused sick leave at fiscal year-end. The Academy does have a policy that allows employees to carry over or be compensated for unused vacation leave at fiscal year-end; therefore a liability has been recorded for unused vacation leave at fiscal year-end.

**Capital Assets and Depreciation** - All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values on the date donated. The Academy maintains a capitalization threshold of \$1,000. The Academy does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Computers & Software	3 years
Furniture, Fixtures, & Equipment	5 - 10 years
Leaseholds	9 years



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

**Pensions/Other Postemployment Benefits (OPEB)** - For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**Prepayments** - Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2018, the Academy has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 81 "Irrevocable Split-Interest Agreements" GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the Academy's postemployment benefit plan disclosures.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the Academy.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the Academy.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Academy.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at July 1, 2017 have been restated as follows:

	Net Position
Net position as previously reported	\$ (1,167,361)
Deferred outflows - payments subsequent to measurement date	(421,676)
Net OPEB liability	4,704
Restated net position at July 1, 2017	\$ (1,584,333)

Other than employer contributions subsequent to the measurement date, the Academy made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**DEPOSITS**

The Academy classifies deposits by category of risk as defined in GASB Statement No.3 “Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,” as amended by GASB Statement No.40, “Deposit, and Investment Risk Disclosures”.

The Academy maintains its cash balances at Park National Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2018, the book amount of the Academy’s deposits was \$25,987 and the bank balance was \$100,771.

**RECEIVABLES**

The Academy had intergovernmental receivables of \$14,962 at June 30, 2018. These receivables represented monies due to the Academy from State Aid and the 21st Century grant, but not received as of year-end. All amounts are expected to be collected within one year.

**PURCHASED SERVICES**

For fiscal year ended June 30, 2018, purchased services expenses were as follows:

Professional services	\$ 460,176
Property rental and services	147,492
Travel, mileage and meetings	13,500
Communications	50,181
Utilities	101,680
Contracted craft or trade services	29,454
Pupil transportation	786
Total purchased services	\$ 803,269

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

**LONG-TERM OBLIGATIONS**

The Academy's long-term obligations during the year consist of the following. The long-term obligations at June 30, 2017 have been restated.

	Restated Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Amounts Due in <u>One Year</u>
Net pension/OPEB liability:					
Pension	\$ 2,126,719	\$ -	\$ (369,949)	\$ 1,756,770	\$ -
OPEB	416,972	-	(8,214)	408,758	-
Total long-term obligations	<u>\$ 2,543,691</u>	<u>\$ -</u>	<u>\$ (378,163)</u>	<u>\$ 2,165,528</u>	<u>\$ -</u>

**RISK MANAGEMENT**

**Property and Liability** - The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2018, the Academy contracted with Philadelphia Indemnity Insurance Company for general liability insurance with a \$1,000,000 each occurrence/ \$2,000,000 annual aggregate. The Academy also had a \$1,000,000 Professional Liability policy in place. There were no settlements in excess of insurance coverage over the past 3 years, nor has insurance coverage significantly reduced from the prior year.

**Workers' Compensation** - The Academy pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly gross total payroll by a factor that is calculated by the State.

**Employee Medical and Dental Benefits** - The Academy provides medical, vision, and dental insurance benefits through Aetna to all full-time employees. During the Academy fiscal year, the Academy paid 50% of the monthly premiums for all employees.

**CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2018</u>
<i>Capital assets, being depreciated:</i>				
Leasehold improvements	234,369	-	-	234,369
Computers & Software*	-	20,580	-	20,580
Equipment	<u>160,751</u>	<u>-</u>	<u>-</u>	<u>160,751</u>
Depreciable capital assets	<u>395,120</u>	<u>20,580</u>	<u>-</u>	<u>415,700</u>
<i>Less: accumulated depreciation:</i>				
Leasehold improvements	(26,041)	(26,041)	-	(52,082)
Equipment	<u>(123,300)</u>	<u>(8,907)</u>	<u>-</u>	<u>(132,207)</u>
Total accumulated depreciation	<u>(149,341)</u>	<u>(34,948)</u>	<u>-</u>	<u>(184,289)</u>
Total capital assets, net	<u>\$ 245,779</u>	<u>\$ (14,368)</u>	<u>\$ -</u>	<u>\$ 231,411</u>

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

\*Computers & Software additions of \$20,580 were acquired at the end of the fiscal year on a capital lease and will start to be depreciated over a three-year life in fiscal year 2019.

**DEFINED BENEFIT PENSION PLANS**

**Net Pension Liability** - The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Academy's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

**Plan Description - School Employees Retirement System (SERS)** - The Academy non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$32,151 for fiscal year 2018.

**Plan Description - State Teachers Retirement System (STRS)** - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2018, plan members were required to contribute 14 percent of their annual covered salary. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was \$62,741 for fiscal year 2018.

**Net Pension Liability** - The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.00476760%	0.00531107%	
Proportion of the net pension liability current measurement date	<u>0.00753500%</u>	<u>0.00550014%</u>	
Change in proportionate share	<u>0.00276740%</u>	<u>0.00018907%</u>	
Proportionate share of the net pension liability	\$ 450,200	\$ 1,306,570	\$ 1,756,770
Pension expense	\$ 27,247	\$ (438,611)	\$ (411,364)

At June 30, 2018, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 19,373	\$ 50,454	\$ 69,827
Changes of assumptions	23,280	285,762	309,042
Difference between Academy contributions and proportionate share of contributions/ change in proportionate share	132,406	176,437	308,843
Academy contributions subsequent to the measurement date	<u>32,151</u>	<u>62,741</u>	<u>94,892</u>
Total deferred outflows of resources	<u>\$ 207,210</u>	<u>\$ 575,394</u>	<u>\$ 782,604</u>

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

	SERS	STRS	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 10,530	\$ 10,530
Net difference between projected and actual earnings on pension plan investments	2,137	43,115	45,252
Difference between Academy contributions and proportionate share of contributions/change in proportionate share	6,625	-	6,625
Total deferred inflows of resources	\$ 8,762	\$ 53,645	\$ 62,407

\$94,892 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	\$ 61,506	\$ 124,689	\$ 186,195
2020	74,518	183,347	257,865
2021	40,768	116,466	157,234
2022	(10,495)	34,506	24,011
Total	\$ 166,297	\$ 459,008	\$ 625,305

**DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability** - The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Academy’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

**Plan Description - School Employees Retirement System (SERS)** - The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the Academy's surcharge obligation was \$4,416.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was \$5,607 for fiscal year 2018.

**Plan Description - State Teachers Retirement System (STRS)** - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liability** - The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. The information on the following page is related to the proportionate share and OPEB expense.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.00482880%	0.00531107%	
Proportion of the net OPEB liability current measurement date	<u>0.00723480%</u>	<u>0.00550014%</u>	
Change in proportionate share	<u>0.00240600%</u>	<u>0.00018907%</u>	
Proportionate share of the net OPEB liability	\$ 194,163	\$ 214,595	\$ 408,758
OPEB expense	\$ 29,825	\$ (64,038)	\$ (34,213)

At June 30, 2018, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 12,387	\$ 12,387
Difference between Academy contributions and proportionate share of contributions/ change in proportionate share	50,341	8,667	59,008
Academy contributions subsequent to the measurement date	<u>5,607</u>	<u>-</u>	<u>5,607</u>
Total deferred outflows of resources	<u>\$ 55,948</u>	<u>\$ 21,054</u>	<u>\$ 77,002</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 513	\$ 9,172	\$ 9,685
Changes of assumptions	<u>18,425</u>	<u>17,286</u>	<u>35,711</u>
Total deferred inflows of resources	<u>\$ 18,938</u>	<u>\$ 26,458</u>	<u>\$ 45,396</u>

\$5,607 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense on the following page.

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ 11,435	\$ (1,664)	\$ 9,771
2020	11,435	(1,664)	9,771
2021	8,662	(1,664)	6,998
2022	(129)	(1,664)	(1,793)
2023	-	629	629
Thereafter	<u>-</u>	<u>623</u>	<u>623</u>
Total	<u>\$ 31,403</u>	<u>\$ (5,404)</u>	<u>\$ 25,999</u>



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

**CONTINGENCIES**

**Grants** - The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2018, if applicable, cannot be determined at this time.

**State Foundation Funding** - Academy foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Academy's must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by Academy's throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE did not perform such a review on the Academy for fiscal year 2018.

As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Academy.

In addition, the Academy's contract with their Sponsor requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2018 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2018 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the Academy.

**Litigation** - The Academy is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.

**SPONSOR CONTRACT**

The Academy contracted with the Newark City School District as its sponsor and oversight services as required by law. Sponsorship fees are calculated as three percent of State Aid funds received by the Academy from the State of Ohio. For the fiscal year ended June 30, 2018, the total sponsorship fees paid totaled \$34,009

**OPERATING LEASE/RELATED PARTY**

The Academy entered into a lease agreement on March 1, 2016 with Par Excellence Learning Center which management has identified as a related party. Par Excellence Learning Center shares three of their seven Board members with the Academy. The Academy leases real property from the Par Excellence Learning Center in the normal course of business. The lease calls for monthly payments of \$8,000 with a three year term from March 1, 2016 through June 30, 2019. The lease agreement stipulates an automatic renewal for up to three additional two-year periods unless the Academy provide notice of termination of the lease at least four months prior to the end of the lease term.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

On May 17, 2018, the Academy entered into an amended lease agreement with the Par Excellence Learning Center to take on additional space within the facility. This will increase the Academy's capacity to serve additional students. The new lease will end on May 31, 2020 and the monthly rent increased from \$8,000 per month to \$15,000 per month.

Total rent paid during fiscal year 2018 was \$103,000. Future minimum lease payments are as follows:

<u>Years Ended June 30</u>	<u>Amount</u>
2019	\$ 180,000
2020	<u>165,000</u>
Total	<u><u>\$ 345,000</u></u>

**SUBSEQUENT EVENTS**

On July 1, 2018, the Academy entered into a new contract for Sponsorship with the Ohio Department of Education's Office of School Sponsorship. The contract term is for a two-year period ending June 20, 2020 and the sponsor fee is set at 3% of State Aid revenues.

Additionally, in August 2018, the Academy took out a loan with Park National Bank in the amount of \$150,000 to accommodate expansion and enrollment growth. The loan is anticipated to be repaid during fiscal year 2019 from increased State revenues.

**MANAGEMENT PLAN**

For the fiscal year 2018, the Academy had an operating loss of \$(241,238) and a negative net position of \$(1,431,242). Management continues to take steps toward increasing student enrollment and containing costs, which would provide additional State funding and reduce expenses respectively, enabling the Academy to return to financial stability. As evidence of those efforts, as of the date of this report, the Academy has enrolled approximately 100 additional students over the previous year.

**NOTE 23 – SIGNIFICANT SUBSEQUENT EVENT**

On June 29, 2018, the Newark Digital Academy ceased operations. On July 1, 2018, the District took over control of the NDA's operations and offers the NDA's program as a program of the District. All assets and liabilities of the NDA at June 30, 2018 became assets and liabilities of the District effective July 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.28053360%	0.28969410%	0.28561610%	0.28305800%	0.28305800%
District's proportionate share of the net pension liability	\$ 16,761,263	\$ 21,202,935	\$ 16,297,532	\$ 14,325,404	\$ 16,832,551
District's covered payroll	\$ 9,025,736	\$ 7,829,386	\$ 8,598,536	\$ 8,225,115	\$ 7,804,321
District's proportionate share of the net pension liability as a percentage of its covered payroll	185.71%	270.81%	189.54%	174.17%	215.68%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.26878668%	0.26604662%	0.26130152%	0.26505768%	0.26505768%
District's proportionate share of the net pension liability	\$ 63,850,852	\$ 89,053,823	\$ 72,216,097	\$ 64,471,201	\$ 76,797,673
District's covered payroll	\$ 29,973,514	\$ 27,686,014	\$ 27,573,121	\$ 27,081,569	\$ 28,403,269
District's proportionate share of the net pension liability as a percentage of its covered payroll	213.02%	321.66%	261.91%	238.06%	270.38%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,271,035	\$ 1,263,603	\$ 1,096,114	\$ 1,133,287
Contributions in relation to the contractually required contribution	<u>(1,271,035)</u>	<u>(1,263,603)</u>	<u>(1,096,114)</u>	<u>(1,133,287)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,415,074	\$ 9,025,736	\$ 7,829,386	\$ 8,598,536
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,140,001	\$ 1,080,118	\$ 1,075,688	\$ 947,903	\$ 995,303	\$ 720,877
<u>(1,140,001)</u>	<u>(1,080,118)</u>	<u>(1,075,688)</u>	<u>(947,903)</u>	<u>(995,303)</u>	<u>(720,877)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,225,115	\$ 7,804,321	\$ 7,997,680	\$ 7,540,994	\$ 7,350,835	\$ 7,325,986
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,345,521	\$ 4,196,292	\$ 3,876,042	\$ 3,860,237
Contributions in relation to the contractually required contribution	<u>(4,345,521)</u>	<u>(4,196,292)</u>	<u>(3,876,042)</u>	<u>(3,860,237)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 31,039,436	\$ 29,973,514	\$ 27,686,014	\$ 27,573,121
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 3,520,604	\$ 3,692,425	\$ 3,834,433	\$ 3,649,020	\$ 3,610,550	\$ 3,676,213
<u>(3,520,604)</u>	<u>(3,692,425)</u>	<u>(3,834,433)</u>	<u>(3,649,020)</u>	<u>(3,610,550)</u>	<u>(3,676,213)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 27,081,569	\$ 28,403,269	\$ 29,495,638	\$ 28,069,385	\$ 27,773,462	\$ 28,278,562
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.28385870%	0.29309130%
District's proportionate share of the net OPEB liability	\$ 7,618,022	\$ 8,354,186
District's covered payroll	\$ 9,025,736	\$ 7,829,386
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	84.40%	106.70%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2018</b>	<b>2017</b>
District's proportion of the net OPEB liability	0.26878668%	0.26604662%
District's proportionate share of the net OPEB liability	\$ 10,487,064	\$ 14,228,242
District's covered payroll	\$ 29,973,514	\$ 27,686,014
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.99%	51.39%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 200,616	\$ 150,926	\$ 146,238	\$ 213,230
Contributions in relation to the contractually required contribution	<u>(200,616)</u>	<u>(150,926)</u>	<u>(146,238)</u>	<u>(213,230)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,415,074	\$ 9,025,736	\$ 7,829,386	\$ 8,598,536
Contributions as a percentage of covered payroll	2.13%	1.67%	1.87%	2.48%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 145,848	\$ 125,489	\$ 156,578	\$ 255,642	\$ 181,125	\$ 455,051
<u>(145,848)</u>	<u>(125,489)</u>	<u>(156,578)</u>	<u>(255,642)</u>	<u>(181,125)</u>	<u>(455,051)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,225,115	\$ 7,804,321	\$ 7,997,680	\$ 7,540,994	\$ 7,350,835	\$ 7,325,986
1.77%	1.61%	1.96%	3.39%	2.46%	6.21%

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 31,039,436	\$ 29,973,514	\$ 27,686,014	\$ 27,573,121
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 277,364	\$ 284,033	\$ 294,956	\$ 280,694	\$ 277,735	\$ 282,786
<u>(277,364)</u>	<u>(284,033)</u>	<u>(294,956)</u>	<u>(280,694)</u>	<u>(277,735)</u>	<u>(282,786)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 27,081,569	\$ 28,403,269	\$ 29,495,638	\$ 28,069,385	\$ 27,773,462	\$ 28,278,562
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

(Continued)



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

SUPPLEMENTAL INFORMATION

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MAJOR FUNDS**

**General Fund**

The general fund is used to account for resources traditionally associated with a school district which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration

Since the legal level of budgetary control is not greater than that presented in the basic financial statements, no additional financial statements are presented for the general fund.

**OTHER MAJOR FUNDS**

**Debt Service**

A fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation bonds and library bonds payable, as required by Ohio Law.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Debt Service</b>				
Total Revenues and Other Sources . . . . .	\$ 6,217,438	\$ 3,520,071	\$ 3,520,069	\$ (2)
Total Expenditures and Other Uses . . . . .	<u>4,566,543</u>	<u>4,537,350</u>	<u>4,537,349</u>	<u>1</u>
Net Change in Fund Balance . . . . .	1,650,895	(1,017,279)	(1,017,280)	(1)
Fund balance at beginning of year . . . . .	<u>1,767,554</u>	<u>1,767,554</u>	<u>1,767,554</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 3,418,449</u>	<u>\$ 750,275</u>	<u>\$ 750,274</u>	<u>\$ (1)</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 5,661,397	\$ 1,962,929	\$ 7,624,326
Receivables:			
Property taxes . . . . .	-	1,462,566	1,462,566
Payment in lieu of taxes. . . . .	-	1,878	1,878
Intergovernmental . . . . .	1,404,054	-	1,404,054
Prepayments. . . . .	12,990	-	12,990
Materials and supplies inventory . . . . .	3,829	-	3,829
Inventory held for resale. . . . .	16,964	-	16,964
Total assets. . . . .	<u>\$ 7,099,234</u>	<u>\$ 3,427,373</u>	<u>\$ 10,526,607</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 439,444	\$ 38,398	\$ 477,842
Contracts payable. . . . .	-	438,676	438,676
Accrued wages and benefits . . . . .	604,599	-	604,599
Compensated absences payable . . . . .	9,379	-	9,379
Pension and postemployment benefits payable. . . . .	112,988	-	112,988
Intergovernmental payable . . . . .	7,573	-	7,573
Interfund loan payable . . . . .	101,897	-	101,897
Total liabilities . . . . .	<u>1,275,880</u>	<u>477,074</u>	<u>1,752,954</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	-	1,300,176	1,300,176
Payment in lieu of taxes levied for next fiscal year. . . . .	-	1,878	1,878
Delinquent property tax revenue not available . . . . .	-	58,257	58,257
Intergovernmental revenue not available. . . . .	1,301,957	-	1,301,957
Total deferred inflows of resources. . . . .	<u>1,301,957</u>	<u>1,360,311</u>	<u>2,662,268</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	3,829	-	3,829
Prepays. . . . .	12,990	-	12,990
Discretionary nonspendable . . . . .	-	-	-
Restricted:			
Capital improvements . . . . .	-	1,589,988	1,589,988
Classroom facilities maintenance . . . . .	2,602,564	-	2,602,564
Food service operations . . . . .	2,349,456	-	2,349,456
Non-public schools . . . . .	65,691	-	65,691
Extracurricular . . . . .	286,154	-	286,154
Unassigned (deficit) . . . . .	(799,287)	-	(799,287)
Total fund balances . . . . .	<u>4,521,397</u>	<u>1,589,988</u>	<u>6,111,385</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 7,099,234</u>	<u>\$ 3,427,373</u>	<u>\$ 10,526,607</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 412,881	\$ 988,387	\$ 1,401,268
Payment in lieu of taxes . . . . .	-	920	920
Earnings on investments . . . . .	22,577	73	22,650
Charges for services . . . . .	462,168	-	462,168
Extracurricular . . . . .	173,847	-	173,847
Contributions and donations . . . . .	55,839	-	55,839
Other local revenues . . . . .	43,022	-	43,022
Intergovernmental - state . . . . .	951,895	179,690	1,131,585
Intergovernmental - federal . . . . .	7,429,890	-	7,429,890
Total revenues . . . . .	<u>9,552,119</u>	<u>1,169,070</u>	<u>10,721,189</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	584,086	23,683	607,769
Special . . . . .	3,294,957	-	3,294,957
Support services:			
Pupil . . . . .	264,416	-	264,416
Instructional staff . . . . .	1,071,562	-	1,071,562
Administration . . . . .	252,588	-	252,588
Fiscal . . . . .	7,500	22,125	29,625
Operations and maintenance . . . . .	276,683	210,013	486,696
Pupil transportation . . . . .	-	823,202	823,202
Operation of non-instructional services:			
Food service operations . . . . .	2,803,855	-	2,803,855
Other non-instructional services . . . . .	665,235	-	665,235
Extracurricular activities . . . . .	229,750	-	229,750
Facilities acquisition and construction . . . . .	312,462	1,019,541	1,332,003
Debt service:			
Principal retirement . . . . .	-	150,000	150,000
Interest and fiscal charges . . . . .	-	36,820	36,820
Total expenditures . . . . .	<u>9,763,094</u>	<u>2,285,384</u>	<u>12,048,478</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(210,975)	(1,116,314)	(1,327,289)
<b>Other financing sources:</b>			
Sale of capital assets . . . . .	-	74,784	74,784
Insurance proceeds . . . . .	-	1,000,000	1,000,000
Total other financing sources . . . . .	<u>-</u>	<u>1,074,784</u>	<u>1,074,784</u>
Net change in fund balances . . . . .	(210,975)	(41,530)	(252,505)
<b>Fund balances at beginning of year . . . . .</b>	<b>4,728,951</b>	<b>1,631,518</b>	<b>6,360,469</b>
<b>Increase in reserve for inventory . . . . .</b>	<b>3,421</b>	<b>-</b>	<b>3,421</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 4,521,397</u></b>	<b><u>\$ 1,589,988</u></b>	<b><u>\$ 6,111,385</u></b>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTIONS**

**Nonmajor Special Revenue Funds**

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

**Miscellaneous Grants**

To account for a number of small local grants that are restricted for specific expenditures.

**District Managed Student Activity**

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

**Auxiliary Services**

To account for State funds which provide services and materials to students attending non-public schools within the boundaries of the District as provided by State law.

**Public School Preschool**

To account for State funds provided to the District for paying the cost of preschool programs for three and four year olds.

**Data Communications**

To account for revenues received from the State to be used to install and provide support costs for data communication links to connect any school to the local A-site.

**Alternative Schools**

To account for alternative educational programs for existing and new at-risk and delinquent youth. Programs shall be focused on youth in one or more of the following categories: those who have been expelled or suspended, those who have dropped out of school or who are at risk of dropping out of school, those who are habitually truant or disruptive, or those on probation or on parole from a Department of Youth Services' facility.

**Miscellaneous State Grants**

To account for monies received from State agencies which are not classified elsewhere.

**Title VI-B**

To account for Federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTIONS**

**Nonmajor Special Revenue Funds (Continued)**

**Title I**

To account for Federal funds for services provided to meet special educational needs of educationally deprived children

**EHA Preschool Grant**

To account for Federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

**Reducing Class Size**

To account for a Federal grant aimed at reducing class sizes through out the District.

**Miscellaneous Federal Grants**

To account for Federal revenues received through State agencies from the Federal government or directly from the Federal government which are not classified elsewhere.

**Food Service**

To account for all revenues and expenditures related to the provision of food services, including breakfast and lunch, for the District students and staff.

**Classroom Facilities Maintenance**

To account for revenues earmarked for the maintenance of facilities.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTIONS**

**Nonmajor Special Revenue Funds (Continued)**

The following funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis). These funds are not included in the combining statements for the nonmajor special revenue funds since they are reported in the general fund (GAAP basis); however, the budgetary schedules for these funds are presented in this section.

**School Activity Trusts**

To account for trust agreements in which the principal and income are used to support District programs

**Staff Trusts**

To account for revenues and expenditures related to vending and donations from employees to support District programs

**Rotary Fund - Special Services**

To account for operations made in connection with goods and services provided by the District

**Rotary Fund**

To account for operations that provide goods or services to other governmental units on a cost-reimbursement basis

**Public School Support**

To account for specific local revenue sources (other than taxes) generated by individual school buildings (e.g. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

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**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2018

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Data Communication</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 13,253	\$ 287,583	\$ 91,138	\$ 9,900
Receivables:				
Intergovernmental . . . . .	-	-	-	-
Prepayments. . . . .	-	20	440	-
Materials and supplies inventory . . . . .	-	-	-	-
Inventory held for resale. . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 13,253</u>	<u>\$ 287,603</u>	<u>\$ 91,578</u>	<u>\$ 9,900</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 19,950	\$ 1,063	\$ -	\$ 9,900
Accrued wages and benefits . . . . .	-	360	22,546	-
Compensated absences payable . . . . .	-	-	-	-
Pension and postemployment benefits payable. . . . .	-	1	2,628	-
Intergovernmental payable . . . . .	-	5	273	-
Interfund loan payable . . . . .	-	-	-	-
Total liabilities. . . . .	<u>19,950</u>	<u>1,429</u>	<u>25,447</u>	<u>9,900</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	-	-	-	-
Total deferred inflows of resources. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	-	-	-
Prepays. . . . .	-	20	440	-
Restricted:				
Classroom facilities maintenance . . . . .	-	-	-	-
Food service operations . . . . .	-	-	-	-
Non-public schools . . . . .	-	-	65,691	-
Extracurricular . . . . .	-	286,154	-	-
Unassigned (deficit) . . . . .	<u>(6,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit) . . . . .	<u>(6,697)</u>	<u>286,174</u>	<u>66,131</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 13,253</u>	<u>\$ 287,603</u>	<u>\$ 91,578</u>	<u>\$ 9,900</u>

<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Title I</u>	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>
\$ -	\$ -	\$ -	\$ 6	\$ -
8,316	370,024	722,992	13,634	104,254
72	2,086	5,717	64	757
-	-	-	-	-
-	-	-	-	-
<u>\$ 8,388</u>	<u>\$ 372,110</u>	<u>\$ 728,709</u>	<u>\$ 13,704</u>	<u>\$ 105,011</u>
\$ 4,194	\$ -	\$ 233,865	\$ -	\$ -
3,142	102,325	275,677	4,487	60,752
-	-	-	-	-
654	17,085	40,746	741	6,424
46	1,250	3,570	41	864
122	33,465	7,407	-	1,059
<u>8,158</u>	<u>154,125</u>	<u>561,265</u>	<u>5,269</u>	<u>69,099</u>
8,194	336,559	715,585	13,634	103,195
<u>8,194</u>	<u>336,559</u>	<u>715,585</u>	<u>13,634</u>	<u>103,195</u>
-	-	-	-	-
72	2,086	5,717	64	757
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(8,036)</u>	<u>(120,660)</u>	<u>(553,858)</u>	<u>(5,263)</u>	<u>(68,040)</u>
<u>(7,964)</u>	<u>(118,574)</u>	<u>(548,141)</u>	<u>(5,199)</u>	<u>(67,283)</u>
<u>\$ 8,388</u>	<u>\$ 372,110</u>	<u>\$ 728,709</u>	<u>\$ 13,704</u>	<u>\$ 105,011</u>

- Continued

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2018

	<b>Miscellaneous Federal Grants</b>	<b>Food Service</b>	<b>Classroom Facilities Maintenance</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ -	\$ 2,527,097	\$ 2,732,420	5,661,397
Receivables:				
Intergovernmental . . . . .	184,834	-	-	1,404,054
Prepayments. . . . .	928	2,906	-	12,990
Materials and supplies inventory . . . . .	-	3,829	-	3,829
Inventory held for resale. . . . .	-	16,964	-	16,964
Total assets. . . . .	\$ 185,762	\$ 2,550,796	\$ 2,732,420	\$ 7,099,234
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 32,408	\$ 8,208	\$ 129,856	\$ 439,444
Accrued wages and benefits . . . . .	3,995	131,315	-	604,599
Compensated absences payable . . . . .	-	9,379	-	9,379
Pension and postemployment benefits payable. . . . .	480	44,229	-	112,988
Intergovernmental payable . . . . .	50	1,474	-	7,573
Interfund loan payable . . . . .	59,844	-	-	101,897
Total liabilities. . . . .	96,777	194,605	129,856	1,275,880
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	124,790	-	-	1,301,957
Total deferred inflows of resources. . . . .	124,790	-	-	1,301,957
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	3,829	-	3,829
Prepays. . . . .	928	2,906	-	12,990
Restricted:				
Classroom facilities maintenance . . . . .	-	-	2,602,564	2,602,564
Food service operations . . . . .	-	2,349,456	-	2,349,456
Non-public schools . . . . .	-	-	-	65,691
Extracurricular . . . . .	-	-	-	286,154
Unassigned (deficit) . . . . .	(36,733)	-	-	(799,287)
Total fund balances (deficit) . . . . .	(35,805)	2,356,191	2,602,564	4,521,397
Total liabilities, deferred inflows and fund balances . . . . .	\$ 185,762	\$ 2,550,796	\$ 2,732,420	\$ 7,099,234

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**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Public School Preschool</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	1,017	-
Charges for services . . . . .	-	-	-	-
Extracurricular . . . . .	-	173,847	-	-
Contributions and donations . . . . .	27,306	26,171	-	-
Other local revenues . . . . .	-	28,132	-	-
Intergovernmental - state . . . . .	-	-	613,219	220,000
Intergovernmental - federal . . . . .	-	-	-	-
Total revenues . . . . .	<u>27,306</u>	<u>228,150</u>	<u>614,236</u>	<u>220,000</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	32,325	-	-	-
Special . . . . .	500	1,958	-	169,429
Support services:				
Pupil . . . . .	255	-	-	-
Instructional staff . . . . .	1,109	-	-	34,412
Administration . . . . .	-	-	-	8,659
Fiscal . . . . .	-	-	-	7,500
Operations and maintenance . . . . .	-	-	-	-
Operation of non-instructional services:				
Food service operations . . . . .	-	-	-	-
Other non-instructional services . . . . .	25,432	-	554,133	-
Extracurricular activities . . . . .	-	229,750	-	-
Facilities acquisition and construction . . . . .	-	-	-	-
Total expenditures . . . . .	<u>59,621</u>	<u>231,708</u>	<u>554,133</u>	<u>220,000</u>
Net change in fund balances . . . . .	(32,315)	(3,558)	60,103	-
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	25,618	289,732	6,028	-
Increase in reserve for inventory . . . . .	-	-	-	-
<b>Fund balances (deficits) at end of year . . . . .</b>	<u>\$ (6,697)</u>	<u>\$ 286,174</u>	<u>\$ 66,131</u>	<u>\$ -</u>



<u>Data Communications</u>	<u>Alternative Schools</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Title I</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
19,800	-	23,005	-	-
-	-	-	1,270,869	2,372,087
<u>19,800</u>	<u>-</u>	<u>23,005</u>	<u>1,270,869</u>	<u>2,372,087</u>
19,800	-	4,194	-	-
-	-	-	944,770	2,138,935
-	202	-	76,922	287
-	-	24,834	26,708	637,668
-	-	-	243,929	-
-	-	-	-	-
-	-	-	-	-
-	-	-	50,820	9,035
-	-	-	-	-
-	-	-	-	-
<u>19,800</u>	<u>202</u>	<u>29,028</u>	<u>1,343,149</u>	<u>2,785,925</u>
-	(202)	(6,023)	(72,280)	(413,838)
-	202	(1,941)	(46,294)	(134,303)
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,964)</u>	<u>\$ (118,574)</u>	<u>\$ (548,141)</u>

- Continued

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-	21,560
Charges for services . . . . .	-	-	-	462,168
Extracurricular . . . . .	-	-	-	-
Contributions and donations . . . . .	-	-	-	2,362
Other local revenues . . . . .	-	-	-	14,890
Intergovernmental - state . . . . .	-	-	-	5,940
Intergovernmental - federal . . . . .	36,115	276,564	727,961	2,746,294
Total revenues . . . . .	<u>36,115</u>	<u>276,564</u>	<u>727,961</u>	<u>3,253,214</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	527,767	-
Special . . . . .	39,365	-	-	-
Support services:				
Pupil . . . . .	-	-	186,750	-
Instructional staff . . . . .	-	305,449	41,382	-
Administration . . . . .	-	-	-	-
Fiscal . . . . .	-	-	-	-
Operations and maintenance . . . . .	-	-	-	-
Operation of non-instructional services:				
Food service operations . . . . .	-	-	-	2,803,855
Other non-instructional services . . . . .	-	21,534	4,281	-
Extracurricular activities . . . . .	-	-	-	-
Facilities acquisition and construction . . . . .	-	-	-	-
Total expenditures . . . . .	<u>39,365</u>	<u>326,983</u>	<u>760,180</u>	<u>2,803,855</u>
Net change in fund balances . . . . .	(3,250)	(50,419)	(32,219)	449,359
<b>Fund balances (deficits)</b>				
<b>at beginning of year . . . . .</b>	(1,949)	(16,864)	(3,586)	1,903,411
<b>Increase in reserve for inventory . . . . .</b>	-	-	-	3,421
<b>Fund balances (deficits) at end of year . . . . .</b>	<u>\$ (5,199)</u>	<u>\$ (67,283)</u>	<u>\$ (35,805)</u>	<u>\$ 2,356,191</u>

<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 412,881	\$ 412,881
-	22,577
-	462,168
-	173,847
-	55,839
-	43,022
69,931	951,895
-	<u>7,429,890</u>
<u>482,812</u>	<u>9,552,119</u>
-	584,086
-	3,294,957
-	264,416
-	1,071,562
-	252,588
-	7,500
276,683	276,683
-	2,803,855
-	665,235
-	229,750
<u>312,462</u>	<u>312,462</u>
589,145	9,763,094
(106,333)	(210,975)
2,708,897	4,728,951
-	<u>3,421</u>
<u>\$ 2,602,564</u>	<u>\$ 4,521,397</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Miscellaneous Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 24,000	\$ 27,306	\$ 27,307	\$ 1
Total Expenditures and Other Uses . . . . .	<u>40,877</u>	<u>78,583</u>	<u>78,586</u>	<u>(3)</u>
Net Change in Fund Balance . . . . .	(16,877)	(51,277)	(51,279)	(2)
Fund balance at beginning of year . . . . .	17,129	17,129	17,129	-
Prior year encumbrances appropriated. . . . .	<u>8,503</u>	<u>8,503</u>	<u>8,503</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 8,755</u>	<u>\$ (25,645)</u>	<u>\$ (25,647)</u>	<u>\$ (2)</u>
<b>District Managed Student Activity</b>				
Total Revenues and Other Sources . . . . .	\$ 253,480	\$ 228,151	\$ 228,152	\$ 1
Total Expenditures and Other Uses . . . . .	<u>247,138</u>	<u>253,976</u>	<u>253,978</u>	<u>(2)</u>
Net Change in Fund Balance . . . . .	6,342	(25,825)	(25,826)	(1)
Fund balance at beginning of year . . . . .	255,802	255,802	255,802	-
Prior year encumbrances appropriated. . . . .	<u>35,535</u>	<u>35,535</u>	<u>35,535</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 297,679</u>	<u>\$ 265,512</u>	<u>\$ 265,511</u>	<u>\$ (1)</u>
<b>Auxiliary Services</b>				
Total Revenues and Other Sources . . . . .	\$ 702,181	\$ 702,181	\$ 614,237	\$ (87,944)
Total Expenditures and Other Uses . . . . .	<u>640,501</u>	<u>628,017</u>	<u>565,309</u>	<u>62,708</u>
Net Change in Fund Balance . . . . .	61,680	74,164	48,928	(25,236)
Fund balance at beginning of year . . . . .	29,329	29,329	29,329	-
Prior year encumbrances appropriated. . . . .	<u>470</u>	<u>470</u>	<u>470</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 91,479</u>	<u>\$ 103,963</u>	<u>\$ 78,727</u>	<u>\$ (25,236)</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public School Preschool</b>				
Total Revenues and Other Sources . . . . .	\$ 220,000	\$ 220,000	\$ 220,000	\$ -
Total Expenditures and Other Uses . . . . .	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>-</u>
Net Change in Fund Balance . . . . .	-	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit)at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Data Communications</b>				
Total Revenues and Other Sources . . . . .	\$ 19,800	\$ 19,800	\$ 19,800	\$ -
Total Expenditures and Other Uses . . . . .	<u>19,800</u>	<u>19,800</u>	<u>19,800</u>	<u>-</u>
Net Change in Fund Balance . . . . .	-	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Miscellaneous State Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 28,385	\$ 32,804	\$ 24,487	\$ (8,317)
Total Expenditures and Other Uses . . . . .	<u>28,559</u>	<u>32,978</u>	<u>28,977</u>	<u>4,001</u>
Net Change in Fund Balance . . . . .	(174)	(174)	(4,490)	(4,316)
Fund balance at beginning of year . . . . .	<u>174</u>	<u>174</u>	<u>174</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,316)</u>	<u>\$ (4,316)</u>
<b>Title VI-B</b>				
Total Revenues and Other Sources . . . . .	\$ 1,706,210	\$ 1,706,211	\$ 1,336,187	\$ (370,024)
Total Expenditures and Other Uses . . . . .	<u>1,706,210</u>	<u>1,734,315</u>	<u>1,422,514</u>	<u>311,801</u>
Net Change in Fund Balance . . . . .	-	(28,104)	(86,327)	(58,223)
Fund balance at beginning of year . . . . .	(1)	(1)	(1)	-
Prior year encumbrances appropriated . . . . .	<u>28,105</u>	<u>28,105</u>	<u>28,105</u>	<u>-</u>
Fund balance (deficit) at end of year . . . . .	<u>\$ 28,104</u>	<u>\$ -</u>	<u>\$ (58,223)</u>	<u>\$ (58,223)</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Title I</b>				
Total Revenues and Other Sources . . . . .	\$ 3,638,183	\$ 3,655,211	\$ 2,932,220	\$ (722,991)
Total Expenditures and Other Uses . . . . .	<u>3,639,183</u>	<u>4,094,943</u>	<u>3,618,103</u>	<u>476,840</u>
Net Change in Fund Balance . . . . .	(1,000)	(439,732)	(685,883)	(246,151)
Fund balance at beginning of year . . . . .	1,000	1,000	1,000	-
Prior year encumbrances appropriated. . . . .	<u>438,732</u>	<u>438,732</u>	<u>438,732</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ 438,732</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (246,151)</u></u>	<u><u>\$ (246,151)</u></u>
<b>EHA Preschool Grant</b>				
Total Revenues and Other Sources . . . . .	\$ 52,227	\$ 52,227	\$ 38,592	\$ (13,635)
Total Expenditures and Other Uses . . . . .	<u>52,912</u>	<u>52,912</u>	<u>46,215</u>	<u>6,697</u>
Net Change in Fund Balance . . . . .	(685)	(685)	(7,623)	(6,938)
Fund balance at beginning of year . . . . .	<u>685</u>	<u>685</u>	<u>685</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (6,938)</u></u>	<u><u>\$ (6,938)</u></u>
<b>Reducing Class Size</b>				
Total Revenues and Other Sources . . . . .	\$ 403,224	\$ 413,046	\$ 308,057	\$ (104,989)
Total Expenditures and Other Uses . . . . .	<u>403,224</u>	<u>419,445</u>	<u>326,910</u>	<u>92,535</u>
Net Change in Fund Balance . . . . .	-	(6,399)	(18,853)	(12,454)
Fund balance at beginning of year . . . . .	737	737	737	-
Prior year encumbrances appropriated. . . . .	<u>6,398</u>	<u>6,398</u>	<u>6,398</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ 7,135</u></u>	<u><u>\$ 736</u></u>	<u><u>\$ (11,718)</u></u>	<u><u>\$ (12,454)</u></u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Miscellaneous Federal Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 897,418	\$ 897,418	\$ 681,761	\$ (215,657)
Total Expenditures and Other Uses . . . . .	<u>867,158</u>	<u>877,872</u>	<u>854,692</u>	<u>23,180</u>
Net Change in Fund Balance . . . . .	30,260	19,546	(172,931)	(192,477)
Fund balance at beginning of year . . . . .	1	1	1	-
Prior year encumbrances appropriated. . . . .	<u>11,278</u>	<u>11,278</u>	<u>11,278</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 41,539</u>	<u>\$ 30,825</u>	<u>\$ (161,652)</u>	<u>\$ (192,477)</u>
<b>Food Service</b>				
Total Revenues and Other Sources . . . . .	\$ 2,917,722	\$ 2,989,035	\$ 2,989,035	\$ -
Total Expenditures and Other Uses . . . . .	<u>3,065,042</u>	<u>2,900,239</u>	<u>2,900,239</u>	<u>-</u>
Net Change in Fund Balance . . . . .	(147,320)	88,796	88,796	-
Fund balance at beginning of year . . . . .	1,610,396	1,610,396	1,610,396	-
Prior year encumbrances appropriated. . . . .	<u>479,237</u>	<u>479,237</u>	<u>479,237</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1,942,313</u>	<u>\$ 2,178,429</u>	<u>\$ 2,178,429</u>	<u>\$ -</u>
<b>Classroom Facilities Maintenance</b>				
Total Revenues and Other Sources . . . . .	\$ 482,881	\$ 482,812	\$ 482,812	\$ -
Total Expenditures and Other Uses . . . . .	<u>600,000</u>	<u>633,428</u>	<u>633,430</u>	<u>(2)</u>
Net Change in Fund Balance . . . . .	(117,119)	(150,616)	(150,618)	(2)
Fund balance at beginning of year . . . . .	2,673,391	2,673,391	2,673,391	-
Prior year encumbrances appropriated. . . . .	<u>51,427</u>	<u>51,427</u>	<u>51,427</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,607,699</u>	<u>\$ 2,574,202</u>	<u>\$ 2,574,200</u>	<u>\$ (2)</u>



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>School Activity Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 33,568	\$ 33,568	\$ 33,568	\$ -
Total Expenditures and Other Uses . . . . .	<u>41,886</u>	<u>2,065</u>	<u>2,065</u>	<u>-</u>
Net Change in Fund Balance . . . . .	(8,318)	31,503	31,503	-
Fund balance at beginning of year . . . . .	<u>167,979</u>	<u>167,979</u>	<u>167,979</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 159,661</u>	<u>\$ 199,482</u>	<u>\$ 199,482</u>	<u>\$ -</u>
<b>Staff Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 8,798	\$ 8,798	\$ 8,798	\$ -
Total Expenditures and Other Uses . . . . .	<u>10,978</u>	<u>14,984</u>	<u>14,984</u>	<u>-</u>
Net Change in Fund Balance . . . . .	(2,180)	(6,186)	(6,186)	-
Fund balance at beginning of year . . . . .	15,694	15,694	15,694	-
Prior year encumbrances appropriated. . . . .	<u>1,772</u>	<u>1,772</u>	<u>1,772</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 15,286</u>	<u>\$ 11,280</u>	<u>\$ 11,280</u>	<u>\$ -</u>
<b>Rotary Fund - Special Services</b>				
Total Revenues and Other Sources . . . . .	\$ 2,800	\$ 1,270	\$ 1,270	\$ -
Total Expenditures and Other Uses . . . . .	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balance . . . . .	(7,200)	(8,730)	1,270	10,000
Fund balance at beginning of year . . . . .	<u>24,155</u>	<u>24,155</u>	<u>24,155</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 16,955</u>	<u>\$ 15,425</u>	<u>\$ 25,425</u>	<u>\$ 10,000</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Rotary Fund</b>				
Total Revenues and Other Sources . . . . .	\$ 1,100	\$ 3,272	\$ 3,272	\$ -
Total Expenditures and Other Uses . . . . .	<u>4,000</u>	<u>2,110</u>	<u>2,111</u>	<u>(1)</u>
Net Change in Fund Balance . . . . .	(2,900)	1,162	1,161	(1)
Fund balance at beginning of year . . . . .	<u>6,613</u>	<u>6,613</u>	<u>6,613</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 3,713</u>	<u>\$ 7,775</u>	<u>\$ 7,774</u>	<u>\$ (1)</u>
<b>Public School Support</b>				
Total Revenues and Other Sources . . . . .	\$ 49,500	\$ 64,068	\$ 64,067	\$ (1)
Total Expenditures and Other Uses . . . . .	<u>77,300</u>	<u>75,806</u>	<u>75,804</u>	<u>2</u>
Net Change in Fund Balance . . . . .	(27,800)	(11,738)	(11,737)	1
Fund balance at beginning of year . . . . .	116,121	116,121	116,121	-
Prior year encumbrances appropriated. . . . .	<u>8,085</u>	<u>8,085</u>	<u>8,085</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 96,406</u>	<u>\$ 112,468</u>	<u>\$ 112,469</u>	<u>\$ 1</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTIONS**

**Nonmajor Capital Projects Funds**

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities and other capital assets. The nonmajor capital projects funds are:

**Permanent Improvement**

To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

**Building Fund**

This fund is used to account for monies received and expended in connection with the renovation and construction of District buildings.

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2018

	<u>Permanent Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents. . . . .	\$ 1,962,929	\$ 1,962,929
Receivables:		
Property taxes . . . . .	1,462,566	1,462,566
Payment in lieu of taxes . . . . .	<u>1,878</u>	<u>1,878</u>
Total assets. . . . .	<u>\$ 3,427,373</u>	<u>\$ 3,427,373</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	\$ 38,398	\$ 38,398
Contracts payable. . . . .	<u>438,676</u>	<u>438,676</u>
Total liabilities. . . . .	<u>477,074</u>	<u>477,074</u>
<b>Deferred inflows of resources:</b>		
Property taxes levied for the next fiscal year . . . .	1,300,176	1,300,176
Payment in lieu of taxes levied for next fiscal year.	1,878	1,878
Delinquent property tax revenue not available . . .	<u>58,257</u>	<u>58,257</u>
Total deferred inflows of resources. . . . .	<u>1,360,311</u>	<u>1,360,311</u>
<b>Fund balances:</b>		
Restricted:		
Capital improvements . . . . .	<u>1,589,988</u>	<u>1,589,988</u>
Total fund balances . . . . .	<u>1,589,988</u>	<u>1,589,988</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 3,427,373</u>	<u>\$ 3,427,373</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 988,387	\$ -	\$ 988,387
Payment in lieu of taxes . . . . .	920	-	920
Earnings on investments . . . . .	-	73	73
Intergovernmental - state . . . . .	179,690	-	179,690
Total revenues . . . . .	<u>1,168,997</u>	<u>73</u>	<u>1,169,070</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular. . . . .	23,683	-	23,683
Support services:			
Fiscal. . . . .	22,125	-	22,125
Operations and maintenance . . . . .	210,013	-	210,013
Pupil transportation . . . . .	823,202	-	823,202
Facilities acquisition and construction . . . . .	1,003,389	16,152	1,019,541
Debt service:			
Principal retirement . . . . .	150,000	-	150,000
Interest and fiscal charges . . . . .	36,820	-	36,820
Total expenditures . . . . .	<u>2,269,232</u>	<u>16,152</u>	<u>2,285,384</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(1,100,235)	(16,079)	(1,116,314)
<b>Other financing sources:</b>			
Sale of capital assets . . . . .	74,784	-	74,784
Insurance proceeds . . . . .	1,000,000	-	1,000,000
Total other financing sources. . . . .	<u>1,074,784</u>	<u>-</u>	<u>1,074,784</u>
Net change in fund balances . . . . .	(25,451)	(16,079)	(41,530)
<b>Fund balances at beginning of year . . . . .</b>	<u>1,615,439</u>	<u>16,079</u>	<u>1,631,518</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,589,988</u>	<u>\$ -</u>	<u>\$ 1,589,988</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Permanent Improvement</b>				
Total Revenues and Other Sources . . . . .	\$ 1,659,703	\$ 2,703,629	\$ 2,703,629	\$ -
Total Expenditures and Other Uses . . . . .	<u>1,675,859</u>	<u>3,006,243</u>	<u>3,006,243</u>	<u>-</u>
Net Change in Fund Balance . . . . .	(16,156)	(302,614)	(302,614)	-
Fund balance at beginning of year . . . . .	1,129,287	1,129,287	1,129,287	-
Prior year encumbrances appropriated . . . . .	<u>433,791</u>	<u>433,791</u>	<u>433,791</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1,546,922</u>	<u>\$ 1,260,464</u>	<u>\$ 1,260,464</u>	<u>\$ -</u>
<b>Building</b>				
Total Revenues and Other Sources . . . . .	\$ 50	\$ 73	\$ 73	\$ -
Total Expenditures and Other Uses . . . . .	<u>50</u>	<u>16,152</u>	<u>16,152</u>	<u>-</u>
Net Change in Fund Balance . . . . .	-	(16,079)	(16,079)	-
Fund balance at beginning of year . . . . .	28	28	28	-
Prior year encumbrances appropriated . . . . .	<u>16,051</u>	<u>16,051</u>	<u>16,051</u>	<u>-</u>
Fund balance (deficit) at end of year . . . . .	<u>\$ 16,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTION**

**Internal Service Fund**

A fund category used to account for the financing of goods or services provided by one department or agency of the District to other departments or agencies on a cost-reimbursement basis. Charges are intended only to recoup the total cost of such services.

**Employee Benefits Self-Insurance**

This fund is provided to account for monies received from other funds as payment for providing dental benefits. The Self-Insured Dental fund may make payments for services provided to employees, for reimbursement to employees who have paid providers, to third party administrators for claims payment or administration, for stop-loss coverage, or for any other reinsurance or other similar purposes.

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Employee Benefits Self-Insurance</b>				
Total Operating and Non-operating Revenues . . .	\$ 10,983,466	\$ 10,740,129	\$ 10,740,129	\$ -
Total Operating and Non-operating Expenses . . .	<u>10,426,414</u>	<u>10,374,162</u>	<u>10,374,162</u>	<u>-</u>
Net change in fund equity . . . . .	557,052	365,967	365,967	-
Fund equity at beginning of year. . . . .	2,781,117	2,781,117	2,781,117	-
Prior year encumbrances appropriated. . . .	<u>1,041,501</u>	<u>1,041,501</u>	<u>1,041,501</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 4,379,670</u>	<u>\$ 4,188,585</u>	<u>\$ 4,188,585</u>	<u>\$ -</u>



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTIONS**

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Private-purpose trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations. The District has no pension or investment trust funds.

**PRIVATE-PURPOSE TRUST FUNDS**

**Special Trusts Fund**

To account for monies to be set aside for college scholarships for students enrolled in the School District. The income from such a fund may be expended, but the principal must remain intact.

**Endowment Fund**

To account for monies endowed for college scholarships for students enrolled in the School District. The income from such a fund may be expended, but the principal must remain intact.

**AGENCY FUNDS**

**District Agency Fund**

To account for those assets held by the District as an agent for individuals, private organizations, and other governmental units.

**Student Managed Activities Fund**

To account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2018

	<b>Special Trusts</b>	<b>Endowment</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 30,518	\$ 10,086	\$ 40,604
Total assets. . . . .	30,518	10,086	40,604
<b>Net Position:</b>			
Held in trust for scholarships . . . . .	30,518	10,086	40,604
Total net position. . . . .	\$ 30,518	\$ 10,086	\$ 40,604

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Special Trusts</b>	<b>Endowment</b>	<b>Total</b>
<b>Additions:</b>			
Interest . . . . .	\$ 17	\$ -	\$ 17
Gifts and contributions. . . . .	6,402	-	6,402
	6,419	-	6,419
<b>Deductions:</b>			
Scholarships awarded . . . . .	2,827	-	2,827
Change in net position. . . . .	3,592	-	3,592
<b>Net position at beginning of year . . . . .</b>	<b>26,926</b>	<b>10,086</b>	<b>37,012</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 30,518</b>	<b>\$ 10,086</b>	<b>\$ 40,604</b>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Special Trusts</b>				
Total Operating and Non-operating Revenues . . .	\$ 6,420	\$ 6,420	\$ 6,420	\$ -
Total Operating and Non-operating Expenses . . .	<u>8,011</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Net change in fund equity . . . . .	(1,591)	2,920	2,920	-
Fund equity at beginning of year. . . . .	<u>26,926</u>	<u>26,926</u>	<u>26,926</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 25,335</u>	<u>\$ 29,846</u>	<u>\$ 29,846</u>	<u>\$ -</u>
<b>Endowment</b>				
Total Operating and Non-operating Revenues . . .	\$ 55	\$ -	\$ -	\$ -
Total Operating and Non-operating Expenses . . .	<u>175</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund equity . . . . .	(120)	-	-	-
Fund equity at beginning of year. . . . .	<u>10,086</u>	<u>10,086</u>	<u>10,086</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 9,966</u>	<u>\$ 10,086</u>	<u>\$ 10,086</u>	<u>\$ -</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Beginning Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2018</u>
<b>District Agency</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . .	\$ 75	\$ 38,046	\$ 32,854	\$ 5,267
Total assets . . . . .	<u>\$ 75</u>	<u>\$ 38,046</u>	<u>\$ 32,854</u>	<u>\$ 5,267</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 75	\$ -	\$ 75	\$ -
Due to students . . . . .	<u>-</u>	<u>38,046</u>	<u>32,779</u>	<u>5,267</u>
Total liabilities. . . . .	<u>\$ 75</u>	<u>\$ 38,046</u>	<u>\$ 32,854</u>	<u>\$ 5,267</u>
<b>Student Managed Activities</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . .	\$ 56,952	\$ 49,468	\$ 44,495	\$ 61,925
Total assets . . . . .	<u>\$ 56,952</u>	<u>\$ 49,468</u>	<u>\$ 44,495</u>	<u>\$ 61,925</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 2,573	\$ 41	\$ 2,573	\$ 41
Due to students . . . . .	<u>54,379</u>	<u>61,884</u>	<u>54,379</u>	<u>61,884</u>
Total liabilities. . . . .	<u>\$ 56,952</u>	<u>\$ 61,925</u>	<u>\$ 56,952</u>	<u>\$ 61,925</u>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . .	\$ 57,027	\$ 87,514	\$ 77,349	\$ 67,192
Total assets . . . . .	<u>\$ 57,027</u>	<u>\$ 87,514</u>	<u>\$ 77,349</u>	<u>\$ 67,192</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 2,648	\$ 41	\$ 2,648	\$ 41
Due to students . . . . .	<u>54,379</u>	<u>99,930</u>	<u>87,158</u>	<u>67,151</u>
Total liabilities. . . . .	<u>\$ 57,027</u>	<u>\$ 99,971</u>	<u>\$ 89,806</u>	<u>\$ 67,192</u>

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## STATISTICAL SECTION

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**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

STATISTICAL SECTION

This part of the Newark City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>172-185</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>186-191</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>192-195</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>196-197</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>198-209</b>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017 (2)</u>	<u>2016</u>	<u>2015</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 85,310,047	\$ 85,515,706	\$ 84,802,559	\$ 89,306,195
Invested in capital assets, net of related debt				-
Restricted	8,272,223	8,694,181	11,693,660	10,338,400
Unrestricted (deficit)	(43,209,142)	(82,678,310)	(61,813,654)	(70,450,227)
Total governmental activities net position	<u>\$ 50,373,128</u>	<u>\$ 11,531,577</u>	<u>\$ 34,682,565</u>	<u>\$ 29,194,368</u>

(1) New terminology in accordance with GASB Statements No. 63 and No. 65 which was implemented in 2013.  
Amounts for 2012 have been restated to reflect the implementation of GASB Statements No. 63 and No. 65.

(2) The District implemented GASB Statement No. 75 in 2018.

Amounts for 2017 have been restated to reflect the implementation of this statement.

**Source:** School District financial records.

<b>2014</b>	<b>2013</b>	<b>2012 (1)</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$ 89,834,198	\$ 87,567,379	\$ 81,178,055	\$ -	\$ -	\$ -
-	-	-	61,549,043	35,083,192	25,933,780
10,295,131	13,354,997	19,658,990	43,863,448	67,827,213	76,109,543
11,672,708	10,090,041	8,012,611	6,694,686	4,424,169	(820,796)
<u>\$ 111,802,037</u>	<u>\$ 111,012,417</u>	<u>\$ 108,849,656</u>	<u>\$ 112,107,177</u>	<u>\$ 107,334,574</u>	<u>\$ 101,222,527</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Expenses</b>				
Governmental activities:				
Instruction:				
Regular	\$ 21,433,067	\$ 37,735,297	\$ 35,039,883	\$ 33,574,541
Special	8,746,410	15,014,909	12,202,659	11,175,826
Vocational	234,237	369,372	337,294	392,481
Other instructional	74,319	153,373	232,702	211,952
Support services:				
Pupil	2,699,314	4,539,392	4,037,014	3,662,387
Instructional staff	1,911,702	3,674,400	3,026,969	2,866,379
Board of education	180,770	150,549	259,894	150,058
Administration	1,650,210	4,281,207	3,953,871	3,665,474
Fiscal	1,004,123	1,372,452	1,475,422	1,316,322
Business	322,180	630,260	500,683	461,300
Operations and maintenance	4,947,884	7,176,597	7,243,616	6,701,896
Pupil transportation	2,620,951	3,615,232	3,232,114	3,103,190
Central	437,122	537,799	538,794	511,210
Operation of non-instructional services:				
Food service operations	2,217,708	2,938,568	2,590,338	2,395,676
Other non-instructional services	609,437	2,470,071	670,056	847,440
Extracurricular activities	620,541	1,256,345	1,096,845	1,138,134
Interest and fiscal charges	1,802,473	1,900,549	2,075,843	2,358,614
Total governmental activities expenses	<u>51,512,448</u>	<u>87,816,372</u>	<u>78,513,997</u>	<u>74,532,880</u>

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 34,785,398	\$ 33,001,079	\$ 33,765,227	\$ 31,997,731	\$ 28,348,098	\$ 27,691,090
11,011,351	9,533,160	8,440,344	8,121,944	8,652,532	7,867,634
405,009	370,850	414,361	446,067	476,722	482,489
264,203	263,687	272,675	646,105	538,181	587,205
3,860,974	3,694,655	3,583,008	3,448,955	3,141,826	3,268,163
2,903,788	3,974,951	4,423,319	4,353,286	4,521,869	4,650,488
163,268	130,169	200,947	241,079	209,247	257,859
3,771,253	3,627,531	3,595,887	3,618,373	3,512,967	3,597,685
1,346,565	1,283,969	1,196,301	1,174,507	1,145,723	1,156,392
574,959	450,361	657,712	671,255	669,134	629,211
6,447,978	6,094,397	6,342,432	6,080,462	5,219,050	5,121,277
2,976,377	2,439,472	2,934,032	2,381,970	2,354,922	1,950,329
402,627	1,055,945	878,151	827,465	847,739	1,071,009
2,281,336	2,385,819	2,646,025	2,242,916	2,247,871	2,850,515
540,290	775,455	626,023	700,135	593,413	748,448
843,918	639,287	1,027,671	969,125	960,411	1,011,699
<u>2,646,583</u>	<u>2,718,848</u>	<u>2,660,397</u>	<u>2,945,887</u>	<u>2,997,107</u>	<u>3,064,035</u>
<u>75,225,877</u>	<u>72,439,635</u>	<u>73,664,512</u>	<u>70,867,262</u>	<u>66,436,812</u>	<u>66,005,528</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS - (Continued)  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 1,355,447	\$ 1,047,952	\$ 765,956	\$ 759,762
Special	140,532	67,249	123,414	166,875
Support services:				
Instructional staff	-	-	-	-
Board of education	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	105,752	109,750	114,297	111,221
Pupil transportation	18,876	24,623	117,754	105,598
Operation of non-instructional services:				
Food service operations	462,168	542,784	573,261	437,690
Other non-instructional services	64,700	62,319	44,163	48,670
Extracurricular activities	172,378	166,301	150,993	148,999
Operating grants and contributions:				
Instruction:				
Regular	640,572	404,649	510,119	203,894
Special	8,623,850	8,832,513	7,903,952	7,928,058
Vocational	75,659	75,377	65,170	27,992
Other instructional	-	-	-	-
Support services:				
Pupil	280,356	280,315	208,408	127,199
Instructional staff	1,024,943	1,209,845	1,138,034	1,263,858
Administration	258,784	269,129	314,439	104,156
Fiscal	7,364	7,639	7,500	6,100
Operations and maintenance	123,259	112,259	134,569	92,510
Pupil transportation	467,131	388,981	415,828	353,892
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	2,791,046	2,414,080	2,138,339	1,943,880
Other non-instructional services	724,136	723,077	715,556	654,718
Extracurricular activities	53,844	49,606	35,173	32,526
Capital grants and contributions:				
Support services:				
Operations and maintenance	-	-	-	-
Central	-	-	-	-
Total governmental program revenues	<u>17,390,797</u>	<u>16,788,448</u>	<u>15,476,925</u>	<u>14,517,598</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>(34,121,651)</u>	<u>(71,027,924)</u>	<u>(63,037,072)</u>	<u>(60,015,282)</u>

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	720,191	\$ 776,913	\$ 689,402	\$ 708,165	\$ 813,838	\$ 636,853
	175,956	180,189	119,276	105,510	114,846	127,435
	-	-	-	-	-	1,155
	-	-	-	-	41,295	-
	-	-	-	-	-	25,018
	84,034	12,218	631	22,290	63,859	37,779
	102,525	94,812	108,658	100,681	-	106,304
	459,673	517,229	538,131	570,499	565,411	1,067,671
	50,791	36,846	40,641	17,996	48,244	40,844
	141,829	145,627	287,852	431,914	346,882	403,837
	321,031	446,406	585,961	3,776,904	2,037,234	2,246,518
	7,222,647	4,754,225	5,025,868	5,311,051	5,247,759	4,096,721
	28,462	74,615	66,976	66,976	66,478	65,995
	-	-	3,498	575,963	410,037	421,750
	215,583	209,378	265,827	342,198	339,571	291,485
	995,815	2,334,546	2,162,364	2,157,337	2,571,924	1,847,393
	153,788	126,027	140,189	253,444	277,978	217,473
	7,756	7,756	7,756	10,700	27,524	25,929
	31,119	119,047	134,547	127,496	12,492	26,507
	295,828	432,112	279,518	226,099	37,353	182,022
	-	19,800	19,800	26,996	29,756	49,269
	1,886,745	1,945,837	1,882,114	1,794,940	1,743,778	1,542,792
	628,125	640,036	596,853	592,192	604,578	604,128
	29,498	59,442	13,231	-	19,241	54,200
	-	-	-	142,790	530,000	440,110
	-	405,000	-	-	-	-
	<u>13,551,396</u>	<u>13,338,061</u>	<u>12,969,093</u>	<u>17,362,141</u>	<u>15,950,078</u>	<u>14,559,188</u>
	<u>(61,674,481)</u>	<u>(59,101,574)</u>	<u>(60,695,419)</u>	<u>(53,505,121)</u>	<u>(50,486,734)</u>	<u>(51,446,340)</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS - (Continued)  
(ACCRUAL BASIS OF ACCOUNTING)

<b>General Revenues and Other Changes in Net Position</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 20,005,333	\$ 19,201,896	\$ 19,434,839	\$ 19,580,708
Debt service	2,944,801	3,833,655	4,331,366	3,982,733
Capital outlay	974,468	931,011	960,058	964,252
Facilities maintenance	412,881	412,881	412,881	412,881
School district income taxes	9,478,714	8,870,372	8,745,391	8,447,025
Payment in lieu of taxes	213,593	307,928	107,329	216,287
Grants and entitlements not restricted to specific programs	36,990,552	36,105,065	34,014,142	32,076,321
Grants restricted for Ohio Schools				
Facilities Commission (OSFC)	-	-	-	-
Gain on sale of building and land	-	-	-	-
Investment earnings	523,415	263,738	111,006	55,049
Gain on sale of capital assets	74,784	-	-	-
Insurance proceeds	1,000,000	-	-	-
Miscellaneous	344,661	381,892	408,257	641,976
Extraordinary Item:				
Decrease in scope of work for OSFC	-	-	-	-
Total governmental activities	<u>72,963,202</u>	<u>70,308,438</u>	<u>68,525,269</u>	<u>66,377,232</u>
 Total primary government	 <u>72,963,202</u>	 <u>70,308,438</u>	 <u>68,525,269</u>	 <u>66,377,232</u>
 <b>Change in Net Position</b>				
Governmental activities	<u>\$ 38,841,551</u>	<u>\$ (719,486)</u>	<u>\$ 5,488,197</u>	<u>\$ 6,361,950</u>

**Source:** School District financial records.



<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$ 19,646,227	\$ 19,435,032	\$ 18,780,403	\$ 17,543,757	\$ 19,590,287	\$ 14,833,502
3,634,892	3,521,282	4,016,127	3,841,620	4,704,334	4,429,725
963,608	943,709	874,230	825,914	1,485,069	1,417,711
412,881	412,881	412,881	412,881	-	-
8,251,484	8,119,680	7,817,597	7,774,670	7,674,450	7,672,584
11,103	8,504	8,109	7,884	-	-
29,074,075	28,256,565	27,367,109	26,576,387	26,714,548	25,173,592
-	-	-	-	-	73,546,948
-	56,789	-	818,010	76,724	-
37,478	48,591	64,799	93,035	215,269	534,004
-	-	-	-	-	-
-	-	-	-	-	-
432,353	461,302	690,646	383,565	434,997	472,314
-	-	(2,180,642)	-	-	-
<u>62,464,101</u>	<u>61,264,335</u>	<u>57,851,259</u>	<u>58,277,723</u>	<u>60,895,678</u>	<u>128,080,380</u>
<u>62,464,101</u>	<u>61,264,335</u>	<u>57,851,259</u>	<u>58,277,723</u>	<u>60,895,678</u>	<u>128,080,380</u>
<u>\$ 789,620</u>	<u>\$ 2,162,761</u>	<u>\$ (2,844,160)</u>	<u>\$ 4,772,602</u>	<u>\$ 10,408,944</u>	<u>\$ 76,634,040</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund:				
Nonspendable	\$ 219,705	\$ 200,754	\$ 79,861	\$ 78,073
Committed	-	889,729	889,729	889,729
Assigned	2,552,697	967,189	2,054,393	4,937,642
Unassigned	30,637,459	25,911,744	20,452,402	13,498,927
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total general fund	<u>\$ 33,409,861</u>	<u>\$ 27,969,416</u>	<u>\$ 23,476,385</u>	<u>\$ 19,404,371</u>
All Other Governmental Funds:				
Nonspendable	\$ 16,819	\$ 14,551	\$ 5,546	\$ 9,274
Restricted	7,929,056	8,601,863	10,788,025	9,511,461
Unassigned (deficit)	(799,287)	(211,761)	(188,342)	(496,512)
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 7,146,588</u>	<u>\$ 8,404,653</u>	<u>\$ 10,605,229</u>	<u>\$ 9,024,223</u>

(1) The District implemented GASB Statement No. 54 in fiscal year 2011.

**Source:** School District financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>
\$ 74,875	\$ 69,412	\$ 74,510	\$ 56,208	\$ -	\$ -
889,729	689,729	953,261	953,261	-	-
2,708,548	1,607,892	3,199,984	1,997,793	-	-
11,801,805	12,006,734	8,611,963	7,939,360	-	-
-	-	-	-	6,561,735	2,637,082
-	-	-	-	4,767,201	3,691,856
<u>\$ 15,474,957</u>	<u>\$ 14,373,767</u>	<u>\$ 12,839,718</u>	<u>\$ 10,946,622</u>	<u>\$ 11,328,936</u>	<u>\$ 6,328,938</u>
\$ 47,267	\$ 40,317	\$ 40,915	\$ 26,689	\$ -	\$ -
9,779,886	11,030,073	19,294,885	31,769,445	-	-
(369,896)	(390,307)	(449,378)	(445,718)	-	-
-	-	-	-	19,603,666	18,844,844
-	-	-	-	954,353	653,666
-	-	-	-	8,796,498	4,322,307
<u>\$ 9,457,257</u>	<u>\$ 10,680,083</u>	<u>\$ 18,886,422</u>	<u>\$ 31,350,416</u>	<u>\$ 29,354,517</u>	<u>\$ 23,820,817</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>				
From local sources:				
Taxes and payments in lieu of taxes	\$ 34,277,320	\$ 34,276,376	\$ 34,331,474	\$ 33,599,404
Tuition	1,231,263	799,207	715,571	751,183
Transportation fees	18,949	24,550	117,754	105,598
Charges for services	462,168	542,784	573,261	441,786
Earnings on investments	517,992	271,043	113,338	56,110
Extracurricular	197,340	181,788	178,393	195,530
Classroom materials and fees	138,904	123,060	131,553	121,403
Rental income, contributions and donations, contract services and other local revenues	831,662	1,071,804	785,628	922,730
Intergovernmental - intermediate	-	-	-	-
Intergovernmental - state	43,887,174	43,004,055	39,641,914	37,413,388
Intergovernmental - federal	7,429,890	7,792,420	7,434,565	7,123,440
<b>Total revenues</b>	<u>88,992,662</u>	<u>88,087,087</u>	<u>84,023,451</u>	<u>80,730,572</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	34,582,118	33,914,883	32,792,831	32,536,337
Special	15,087,315	14,526,157	12,331,857	11,720,826
Vocational	189,953	208,428	189,787	276,845
Other	174,544	166,388	234,913	228,104
Support services:				
Pupil	4,526,415	4,305,825	4,013,386	3,719,856
Instructional staff	3,085,990	3,390,875	2,925,740	2,842,134
Board of education	189,012	149,365	260,100	150,430
Administration	3,971,152	4,033,561	3,906,213	3,823,224
Fiscal	1,384,312	1,378,473	1,478,900	1,343,235
Business	610,620	600,326	518,884	474,504
Operations and maintenance	6,670,483	6,441,782	6,881,027	6,728,725
Pupil transportation	4,125,899	3,554,821	3,283,030	3,277,007
Central	551,240	528,126	537,230	522,941
Operation of non-instructional services:				
Food service operations	2,803,855	2,689,528	2,415,481	2,207,019
Other non-instructional services	749,729	2,654,023	673,773	856,472
Extracurricular activities	1,122,283	1,059,073	955,881	995,828
Facilities acquisitions and construction	1,332,003	1,360,303	2,093,329	574,873
Capital outlay	-	-	252,284	-
Debt service:				
Principal retirement	2,552,363	2,996,878	2,599,105	2,647,146
Interest and fiscal charges	1,753,178	1,836,659	1,778,440	2,285,831
Accretion on capital appreciation bonds	426,023	-	-	-
Bond issue costs	-	-	326,815	-
<b>Total expenditures</b>	<u>85,888,487</u>	<u>85,795,474</u>	<u>80,449,006</u>	<u>77,211,337</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,104,175</b>	<b>2,291,613</b>	<b>3,574,445</b>	<b>3,519,235</b>

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$	32,822,596	\$ 32,497,842	\$ 31,545,654	\$ 29,758,224	\$ 32,246,871	\$ 28,150,223
	711,432	788,387	647,337	655,273	643,778	621,504
	102,525	94,812	108,658	102,270	94,614	106,068
	464,574	522,869	538,131	570,499	565,092	1,067,671
	37,743	50,873	66,212	94,901	240,642	609,101
	186,521	167,759	292,542	400,659	352,173	395,450
	129,646	129,328	138,162	141,145	159,170	151,117
	726,912	1,137,074	907,077	838,295	1,269,631	1,143,373
	-	-	-	-	8,028	18,939
	34,348,632	34,186,510	42,244,746	57,690,931	47,200,320	43,994,768
	6,554,319	6,941,413	8,289,390	10,809,399	9,957,222	6,116,682
	<u>76,084,900</u>	<u>76,516,867</u>	<u>84,777,909</u>	<u>101,061,596</u>	<u>92,737,541</u>	<u>82,374,896</u>
	32,219,790	31,221,725	31,743,954	32,472,318	28,345,078	27,519,564
	11,013,686	9,558,244	8,398,638	8,247,873	8,659,439	7,837,702
	255,081	264,377	315,940	437,997	444,955	486,363
	265,161	260,394	257,184	651,737	537,611	585,723
	3,780,884	3,611,968	3,492,303	3,440,477	3,164,110	3,242,632
	2,746,522	3,860,664	4,289,985	4,441,022	4,481,557	4,679,590
	163,268	130,169	200,947	241,079	209,247	257,859
	3,697,181	3,556,450	3,500,955	3,589,025	3,486,223	3,609,586
	1,344,376	1,283,155	1,199,870	1,164,936	1,152,005	1,157,436
	569,533	450,846	590,576	598,524	614,141	557,971
	6,593,304	5,989,433	6,050,191	6,100,182	5,528,513	5,397,553
	2,944,998	2,699,744	2,711,740	2,360,184	2,323,704	1,705,601
	396,894	1,055,074	870,123	802,343	818,799	1,041,645
	2,087,522	2,211,304	2,482,293	2,188,137	2,213,006	2,844,805
	533,221	767,454	612,583	687,230	595,149	734,600
	702,956	427,811	855,537	848,253	855,746	873,551
	2,208,994	10,866,526	23,652,230	27,166,008	14,056,143	12,410,905
	-	-	-	-	-	-
	2,422,425	2,336,866	2,286,202	1,980,000	1,915,000	2,309,760
	2,386,382	2,775,471	2,651,892	2,910,597	2,974,338	3,054,946
	-	-	-	-	-	-
	288,471	-	150,358	-	-	-
	<u>76,620,649</u>	<u>83,327,675</u>	<u>96,313,501</u>	<u>100,327,922</u>	<u>82,374,764</u>	<u>80,307,792</u>
	(535,749)	(6,810,808)	(11,535,592)	733,674	10,362,777	2,067,104

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (Continued)  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 155,163	\$ -	\$ -
Transfers (out)	-	(155,163)	-	-
Sale of capital assets	74,784	-	-	4,278
Insurance proceeds	1,000,000	-	-	-
Capital lease transaction	-	-	252,284	-
Refunding bond issued	-	-	26,935,000	-
Premium on bonds issuance	-	-	2,022,194	-
Payment to refunded bond escrow agent	-	-	(28,630,379)	-
Issuance of notes/bonds	-	-	1,500,000	-
Total other financing sources (uses)	<u>1,074,784</u>	<u>-</u>	<u>2,079,099</u>	<u>4,278</u>
Net change in fund balances	<u>\$ 4,178,959</u>	<u>\$ 2,291,613</u>	<u>\$ 5,653,544</u>	<u>\$ 3,523,513</u>
 Debt service principal and interest as a percentage of noncapital expenditures	 5.60%	 5.72%	 5.61%	 6.47%

Source: School District financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ -	\$ 2,221,799	\$ 151,606	\$ 78,975	\$ 1,644,890	\$ 475,881
-	(2,221,799)	(151,606)	(78,975)	(1,644,890)	(475,881)
112,826	135,899	185,867	885,419	170,782	-
-	-	-	-	-	-
-	-	812,035	-	-	-
18,161,627	-	-	-	-	-
1,822,842	-	1,452,977	-	-	-
(19,688,517)	-	(10,041,982)	-	-	-
-	-	8,545,000	-	-	-
<u>408,778</u>	<u>135,899</u>	<u>953,897</u>	<u>885,419</u>	<u>170,782</u>	<u>-</u>
<u>\$ (126,971)</u>	<u>\$ (6,674,909)</u>	<u>\$ (10,581,695)</u>	<u>\$ 1,619,093</u>	<u>\$ 10,533,559</u>	<u>\$ 2,067,104</u>
6.51%	7.02%	6.73%	6.67%	7.17%	7.91%

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2018	\$ 806,049,778	\$ 2,302,999,366	\$ -	\$ -	\$ 39,031,530	\$ 111,518,657
2017	740,257,563	2,115,021,609	-	-	33,848,440	96,709,829
2016	735,178,590	2,100,510,257	-	-	34,608,820	98,882,343
2015	763,994,270	2,182,840,771	-	-	33,481,090	95,660,257
2014	775,983,370	2,217,095,343	-	-	32,918,010	94,051,457
2013	767,933,100	2,194,094,571	-	-	30,950,060	88,428,743
2012	769,329,940	2,198,085,543	-	-	29,161,190	83,317,686
2011	774,335,070	2,212,385,914	-	-	27,847,810	79,565,171
2010	771,814,960	2,205,185,600	-	-	27,196,780	77,705,086
2009	761,319,310	2,175,198,029	1,979,095	7,916,380	25,449,240	72,712,114

**Source:** Licking County Auditor's Office

(a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.

(b) Tangible personal property and public utility tangible property are assessed at varying percentages of true value. As categories of tangible personal property have not been separated for this table, the maximum assessed rate of 25% of true value is assumed. Tangible personal property is being phased out, and was reduced to zero for fiscal year 2009, collection year 2010.

(c) Assumes public utilities are assessed at true value which is 35%.



		<b>Total</b>		
<b>Total Direct Tax Rate</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>%</b>	
\$ 40.80	\$ 845,081,308	\$ 2,414,518,023	35.00%	
43.50	774,106,003	2,211,731,438	35.00%	
44.63	769,787,410	2,199,392,600	35.00%	
43.86	797,475,360	2,278,501,028	35.00%	
43.19	808,901,380	2,311,146,800	35.00%	
42.67	798,883,160	2,282,523,314	35.00%	
43.96	798,491,130	2,281,403,229	35.00%	
43.90	802,182,880	2,291,951,085	35.00%	
44.05	799,011,740	2,282,890,686	35.00%	
36.64	788,747,645	2,255,826,523	34.96%	

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(RATE PER \$1,000 OF ASSESSED VALUE)  
LAST TEN YEARS**

<b>Tax Year/ Collection Year</b>	<b>Overlapping Rates</b>		<b>Direct Rates</b>					<b>Licking County Joint Vocational School</b>
	<b>County</b>	<b>City</b>	<b>Voted</b>			<b>Unvoted</b>	<b>Total</b>	
			<b>General</b>	<b>Bond</b>	<b>Permanent Improvement</b>			
2017/2018	9.50	3.70	30.50	3.30	2.90	4.10	40.80	2.55
2016/2017	8.00	3.70	31.10	5.40	2.90	4.10	43.50	2.57
2015/2016	8.00	3.70	31.10	6.53	2.90	4.10	44.63	2.58
2014/2015	8.00	3.70	30.90	5.96	2.90	4.10	43.86	2.54
2013/2014	7.70	3.70	30.77	5.42	2.90	4.10	43.19	2.56
2012/2013	7.70	3.70	30.87	4.80	2.90	4.10	42.67	2.48
2011/2012	7.70	3.70	30.87	6.09	2.90	4.10	43.96	2.54
2010/2011	7.70	3.70	30.76	6.14	2.90	4.10	43.90	2.52
2009/2010	7.40	3.70	30.90	6.15	2.90	4.10	44.05	2.50
2008/2009	7.10	3.70	23.40	6.24	2.90	4.10	36.64	2.50

Source: Licking County Auditor's Office

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO**

<b>December 31, 2017</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Ohio Power	\$ 25,711,520	1	3.04%
MIMG XXIII	6,779,690	2	0.80%
AEP Ohio Transmission	5,729,720	3	0.68%
LSREF2 Tractor REO	4,708,970	4	0.56%
Columbia Gas of Ohio	3,653,530	5	0.43%
Cole DC Newark Ohio LLC	3,428,150	6	0.41%
Micking Memorial Health Foundation	3,401,940	7	0.40%
National Gas & Oil	3,040,630	8	0.36%
Southgate Company	2,952,180	9	0.35%
Licking Memorial Health Systems	2,291,240	10	0.27%
<b>Total</b>	<b>\$ 61,697,570</b>		<b>\$ 845,081,308</b>

<b>December 31, 2008</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Ohio Power	\$ 18,161,330	1	2.30%
Wal-Mart Real Estate	3,222,210	2	0.41%
Meijer Stores Limited Partnership	2,271,220	3	0.29%
Sharonbrooke Inn Limited	2,237,900	4	0.28%
State Farm Mutual Auto Insurance	2,197,730	5	0.28%
Owens Corning Fiberglas	2,194,750	6	0.28%
Gannett Midwest Publishing	2,193,080	7	0.28%
Ohio II TIC EtA1	2,182,430	8	0.28%
Health Care Property Investors, Inc.	2,150,900	9	0.27%
HD Development	1,951,710	10	0.25%
<b>Total</b>	<b>\$ 38,763,260</b>		<b>\$ 788,747,645</b>

**Source:** Licking County Auditor's Office

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Tax Year/ Collection Year</b>	<b>Current Levy</b>	<b>Delinquent Levy</b>	<b>Total Levy</b>	<b>Current Collection</b>	<b>Percent of Current Levy Collected</b>
2017/2018	(1)	(1)	(1)	(1)	(1)
2016/2017	\$ 27,978,452	\$ 2,933,117	30,911,569	\$ 27,204,739	97.23%
2015/2016	28,890,018	2,957,898	31,847,916	27,899,534	96.57%
2014/2015	28,365,346	3,226,488	31,591,834	27,131,371	95.65%
2013/2014	28,046,339	4,208,425	32,254,764	26,919,561	95.98%
2012/2013	26,303,564	1,308,609	27,612,173	23,382,892	88.90%
2011/2012	26,908,489	1,620,392	28,528,881	26,799,946	99.60%
2010/2011	27,242,660	1,507,104	28,749,764	25,984,484	95.38%
2009/2010	27,202,918	1,661,047	28,863,965	26,457,416	97.26%
2008/2009	22,747,047	955,080	23,702,127	21,791,967	95.80%

Note: "Delinquent Levy" indicates the portion collected that was delinquent.

**Source:** Licking County Auditor's Office

(1) Information not available from County at time of reporting.

<b>Delinquent Collection</b>	<b>Total Collection</b>	<b>Total Collection As a Percent of Total Levy</b>
(1)	(1)	(1)
\$ 936,639	28,141,378	91.04%
1,319,020	29,218,554	91.74%
1,166,491	28,297,862	89.57%
1,181,677	28,101,238	87.12%
1,215,269	24,598,161	89.08%
764,522	27,564,468	96.62%
911,181	26,895,665	93.55%
911,024	27,368,440	94.82%
617,404	22,409,371	94.55%

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>(a) Total Primary Government</b>	<b>(b) Per Capita</b>	<b>(b) Per ADM</b>	<b>(b) Percentage Personal Income</b>
	<b>General Obligation Bonds</b>	<b>Tax Anticipation Notes</b>	<b>Capital Leases</b>				
2018	\$ 51,951,416	\$ 1,350,000	\$ 157,311	\$ 53,458,727	1,049	8,549	4.72%
2017	54,872,993	1,500,000	205,697	56,578,690	1,152	9,234	5.29%
2016	57,950,708	1,500,000	252,575	59,703,283	1,255	9,543	5.72%
2015	60,522,496	-	44,396	60,566,892	1,273	9,628	5.80%
2014	63,254,966	-	86,542	63,341,508	1,331	9,699	6.07%
2013	63,775,727	-	328,967	64,104,694	1,348	9,965	6.14%
2012	66,038,816	-	565,833	66,604,649	1,400	10,440	6.38%
2011	66,851,911	-	-	66,851,911	1,405	10,691	6.40%
2010	68,819,171	-	-	68,819,171	1,487	10,833	8.35%
2009	70,733,815	-	-	70,733,815	1,528	10,874	8.58%

**Source:** School District financial records

(a) See notes to the financial statements regarding the District's outstanding debt information. Includes unamortized premiums and accreted interest on capital appreciation bonds.

(b) See schedule " Demographic and Economic Statistic, Last Ten Years" for personal income, population and enrollment information.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>Fund Balances Restricted for Debt Service</b>	<b>Net General Bonded Debt Outstanding</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2018	\$ 51,951,416	\$ (1,035,203)	\$ 50,916,213	2.11%	\$ 999
2017	54,872,993	(2,044,184)	52,828,809	2.39%	1,075
2016	57,950,708	(2,224,901)	55,725,807	2.53%	1,171
2015	60,522,496	(1,598,682)	58,923,814	2.59%	1,239
2014	63,254,966	(1,955,489)	61,299,477	2.65%	1,289
2013	63,775,727	(2,416,115)	61,359,612	2.69%	1,290
2012	66,038,816	(3,136,030)	62,902,786	2.76%	1,322
2011	66,851,911	(3,460,064)	63,391,847	2.77%	1,333
2010	68,819,171	(3,262,279)	65,556,892	2.87%	1,417
2009	70,733,815	(3,355,712)	67,378,103	2.99%	1,456

(1) Details regarding the District's outstanding debt can be found in the notes to the financial statements. Total includes unamortized premiums and accreted interest on capital appreciation bonds.

**Source:** School District financial records

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2018**

<u>Governmental Unit</u>	<u>Net General Tax Supported Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Newark City School District	\$ 53,458,727	100.00%	\$ 53,458,727
Overlapping debt:			
City of Newark	35,182,986	92.72%	32,621,665
Licking County	33,291,065	19.18%	6,385,226
Licking County Joint Vocational School	3,360,000	18.57%	623,952
Total overlapping debt	<u>71,834,051</u>		<u>39,630,843</u>
 Total direct and overlapping debt	 <u>\$ 125,292,778</u>		 <u>\$ 93,089,570</u>

**Note:** The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the District's taxable assessed value that is within the subdivision's boundaries and dividing it by the District's total taxable assessed value. Net general tax supported debt includes accreted interest on capital appreciation bonds but excludes unamortized bond premiums, discounts and deferred losses on refundings.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Voted Debt Limit</b>	<b>Total Debt Applicable to Limit (1)</b>	<b>Debt Service Available Balance</b>	<b>Net Debt Applicable to Limit</b>	<b>Voted Legal Debt Margin</b>	<b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>
2018	\$ 76,057,318	\$ 47,807,650	\$ 1,035,203	\$ 46,772,447	\$ 29,284,871	61.50%
2017	69,669,540	50,161,627	2,044,184	48,117,443	21,552,097	69.07%
2016	69,280,867	53,111,627	2,224,901	50,886,726	18,394,141	73.45%
2015	71,772,782	56,921,627	1,598,682	55,322,945	16,449,837	77.08%
2014	72,801,124	59,526,627	1,955,489	57,571,138	15,229,986	79.08%
2013	71,899,484	61,710,000	2,416,115	59,293,885	12,605,599	82.47%
2012	71,864,202	63,810,000	3,136,030	60,673,970	11,190,232	84.43%
2011	72,196,459	65,799,998	3,460,064	62,339,934	9,856,525	86.35%
2010	71,896,470	67,779,998	3,970,159	63,809,839	8,086,631	88.75%
2009	70,791,123	69,694,998	3,619,912	66,075,086	4,716,037	93.34%

**Source:** Licking County Auditor and School District financial records

(1) Total debt applicable to limit excludes unamortized premiums and accreted interest on capital appreciation bonds.

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. House Bill 530 became effective on March 30, 2006, which excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

(a): On September 9, 2004, the District was determined to be a "special needs" district, meaning the District was permitted to exceed the voted debt limitation.

Voted Debt Margins are determined without reference to applicable monies in the District's debt service fund.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rates (3)</u>		
						<u>Licking County</u>	<u>Ohio</u>	<u>United States</u>
2018	50,965	\$ 22,226	\$1,132,748,090	37.0	6,253	4.2%	4.5%	3.9%
2017	49,134	21,770	1,069,647,180	38.5	6,127	4.4%	4.5%	5.3%
2016	47,573	21,941	1,043,799,193	38.5	6,256	4.1%	4.7%	5.0%
2015	47,573	21,941	1,043,799,193	38.5	6,291	3.8%	4.3%	5.2%
2014	47,573	21,941	1,043,799,193	38.5	6,531	5.1%	5.5%	6.2%
2013	47,573	21,941	1,043,799,193	38.5	6,433	6.5%	7.2%	8.1%
2012	47,573	21,941	1,043,799,193	38.5	6,380	6.7%	7.2%	8.2%
2011	47,573	21,941	1,043,799,193	38.5	6,253	7.8%	9.1%	9.1%
2010	46,279	17,819	824,645,501	35.9	6,353	9.8%	10.4%	9.6%
2009	46,279	17,819	824,645,501	35.9	6,505	10.3%	11.1%	9.5%

(1) U. S. Census Bureau information for the City of Newark  
2017 information reflects estimates from Census Bureau.  
2011-2016 information from 2010 Census.  
2008-2010 information from 2005 Census.

(2) School District records.

(3) ODJFS Office of Workforce Development - Bureau of Labor Market Information. Rates for August 2017.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

December 31, 2017

<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>	<u>Rank</u>
Licking Memorial Hospital	Health Care	2,040	1
State Farm Insurance Company	Insurance	1,192	2
Licking County Government	Government	1,182	3
Newark City Schools	Education	984	4
Anomatic Corp.	Metal Finishers	970	5
OSU-N/COTC	Education	764	6
Owens Corning, Inc.	Retail	565	7
Park National Bank Corporation	Fiberglass Insulation	550	8
Kroger	Grocery Retail	400	9
Newark City Government	Government	394	10
Total		<u>9,041</u>	
Total Employment within the City (1)		<u>N/A</u>	

December 31, 2008

<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>	<u>Rank</u>
State Farm Insurance Company	Insurance	1,416	1
Newark City Schools	Education	1,314	2
Licking County Government	Government	1,288	3
Licking County Memorial Hospital	Health Care	1,280	4
Anomatic Corp.	Metal Finishers	1,002	5
Owens Corning, Inc.	Fiberglass Insulation	800	6
OSU-N/COTC	Education	669	7
Park National Bank Corporation	Banking	612	8
Newark City Government	Government	486	9
Longaberger, Inc.	Decorative Basket Manufacturer	400	10
Total		<u>9,267</u>	
Total Employment within the City (1)		<u>N/A</u>	

(1) - Total employment within the City is not available.

**Source:** City of Newark Auditor's Office

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**STAFFING STATISTICS  
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION  
LAST TEN FISCAL YEARS**

<b>Type</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Official - administrative	26.0	26.0	25.9	24.0
Professional - educational	459.0	443.9	433.5	432.1
Professional - other	19.5	19.0	20.1	18.0
Technical	51.7	42.5	42.9	42.9
Office - clerical	65.4	61.7	62.3	59.4
Craft & trade	10.0	11.0	9.0	9.0
Operative	40.0	32.6	31.0	29.2
Service worker/laborer	126.5	111.7	108.6	101.0
<b>Total</b>	<b>798.1</b>	<b>748.4</b>	<b>733.3</b>	<b>715.6</b>

<b>Function</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Instruction:</b>				
Regular	317.1	309.5	306.1	309.1
Special	167.2	155.7	151.7	141.5
Vocational	2.0	2.0	2.0	3.0
Other	2.0	2.0	2.5	2.5
<b>Support Services:</b>				
Pupil	45.2	39.4	42.2	37.8
Instructional staff	31.0	33.6	27.8	29.8
Administration	45.4	43.5	42.7	37.7
Fiscal	8.0	7.0	8.0	8.0
Business	8.0	6.0	5.0	5.0
Operations and maintenance	70.1	61.6	59.4	59.3
Pupil transportation	61.6	51.2	47.8	43.3
Central	2.0	2.0	1.9	2.0
<b>Other non-instructional services:</b>				
Food service operations	36.2	32.9	34.2	30.2
Other non-instructional	2.3	2.0	2.0	4.4
Extracurricular activities	0.0	0.0	0.0	2.0
<b>Total Governmental Activities</b>	<b>798.1</b>	<b>748.4</b>	<b>733.3</b>	<b>715.6</b>

**Source:** School District records

- (1) For 2014, the Ohio Department of Education required new coding for special education aids. This new coding requirement moved FTE from instructional staff support to instruction special.

<b>2014 (1)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
28.6	27.6	26.0	29.0	26.9	30.0
431.5	425.2	425.6	430.5	429.8	438.0
26.7	26.7	27.7	27.8	23.7	26.3
40.5	41.4	42.9	32.4	28.0	32.7
58.9	60.3	54.3	61.9	59.7	57.5
9.0	9.3	8.3	9.3	9.3	10.0
29.8	26.8	23.2	24.5	30.2	22.1
103.7	99.2	100.6	104.0	107.0	110.7
<b>728.5</b>	<b>716.5</b>	<b>708.6</b>	<b>719.4</b>	<b>714.6</b>	<b>727.4</b>

<b>2014 (1)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
315.8	307.2	316.8	315.4	317.9	315.6
147.3	95.8	94.9	94.3	95.6	92.9
3.0	4.0	3.5	5.6	5.5	4.6
3.0	3.0	3.0	2.5	2.5	2.5
42.1	43.3	44.4	47.2	41.8	44.5
34.4	71.3	72.5	74.6	72.6	76.3
41.6	42.4	39.0	42.7	42.9	45.9
7.0	8.0	7.0	7.0	6.2	8.0
5.0	6.0	5.0	5.5	5.5	5.5
58.0	60.0	54.5	54.4	55.2	56.5
34.6	35.9	31.9	32.1	29.4	28.2
2.0	3.0	2.0	2.0	3.4	2.0
26.6	30.9	28.8	30.6	30.9	39.4
6.1	3.7	3.3	3.6	3.2	3.4
2.0	2.0	2.0	2.0	2.0	2.0
<b>728.5</b>	<b>716.5</b>	<b>708.6</b>	<b>719.4</b>	<b>714.6</b>	<b>727.4</b>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Instruction:</b>				
Regular and Special				
Enrollment (students)	6,253*	6,127	6,256	6,291
Graduates	339	308	209	300
<b>Support services:</b>				
Board of education				
Regular meetings per year	12	12	12	12
Special meetings per year	12	12	5	7
Administration				
Student attendance rate	93.20%	94.00%	94.50%	94.20%
Fiscal				
Nonpayroll checks issued	2,635	2,601	2,617	2,479
Operations and maintenance				
Square footage maintained	993,282	993,282	993,282	993,282
Pupil transportation				
Avg. students transported daily	2,215	2,412	2,222	2,235
Food service operations				
Lunches served to students	572,210	569,849	585,710	586,399

(1) Information not currently available.

**Source:** School District records

\*District enrollment included enrolled students at Headstart (35) and Ctec (145), who are educated outside of the NCS buildings.

<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
6,531	6,433	6,380	6,035	6,069	6,464
308	266	323	316	291	317
12	12	11	11	12	11
6	4	11	12	8	25
94.60%	94.60%	94.70%	94.80%	94.40%	94.30%
2,554	2,896	3,050	3,384	3,247	3,232
993,282	967,081	876,945	842,928	826,982	853,829
2,393	2,359	2,424	1,851	1,448	1,527
590,987	633,868	668,161	658,822	668,186	779,974

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

CAPITAL ASSET STATISTICS  
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Land	\$ 1,970,712	\$ 1,970,712	\$ 1,970,712	\$ 1,592,635
Land improvements	669,740	689,207	694,228	730,592
Buildings and improvements	130,893,157	132,358,997	135,656,952	138,958,985
Furniture, fixtures and equipment	737,222	834,302	932,492	729,922
Vehicles	1,519,179	1,517,578	1,505,857	1,534,832
Construction in progress	<u>1,366,752</u>	<u>2,281,317</u>	<u>1,426,964</u>	<u>48,623</u>
 Total Governmental Activities Capital Assets, net	 <u>\$ 137,156,762</u>	 <u>\$ 139,652,113</u>	 <u>\$ 142,187,205</u>	 <u>\$ 143,595,589</u>

**Source:** School District financial records.

**Note:** Amounts above are presented net of accumulated depreciation.



<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$ 1,592,635	\$ 1,599,684	\$ 1,617,250	\$ 1,672,643	\$ 1,705,643	\$ 1,712,273
449,426	458,575	136,686	148,742	71,708	91,900
142,202,567	138,758,171	52,900,901	54,649,612	3,905,946	4,410,773
704,736	755,154	835,305	921,553	940,765	1,288,726
1,439,343	1,484,290	1,171,338	1,339,398	1,274,370	1,306,073
78,536	4,550,028	82,461,358	59,873,113	83,759,673	73,111,787
<u>\$ 146,467,243</u>	<u>\$ 147,605,902</u>	<u>\$ 139,122,838</u>	<u>\$ 118,605,061</u>	<u>\$ 91,658,105</u>	<u>\$ 81,921,532</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

	<b>Tickmark</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Ben Franklin Elementary (1954)					
Square feet		44,982	44,982	44,982	44,982
Capacity (students)		350	350	350	350
Enrollment		327	370	415	446
Carson Elementary (2008)	(5)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		463	456	502	475
Cherry Valley Elementary (2008)	(1)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		488	463	470	468
Hillview Elementary (2008)	(5)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		467	458	458	488
John Clem Elementary (1958)	(7)				
Square feet		62,169	62,169	62,169	62,169
Capacity (students)		528	528	528	528
Enrollment		504	487	499	452
Legend Elementary (2007)	(2)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		548	555	554	567
McGuffey Elementary (1958)	(6)				
Square feet		62,367	62,367	62,367	62,367
Capacity (students)		472	472	472	472
Enrollment		502	514	525	519
Miller Elementary (1969)	(4)				
Square feet		-	-	-	-
Capacity (students)		-	-	-	-
Enrollment		-	-	-	-
Heritage Middle School (2011)	(3),(8)				
Square feet		72,905	72,905	72,905	72,905
Capacity (students)		500	500	500	500
Enrollment		530	482	501	527
Liberty Middle School (2008)	(5)				
Square feet		69,922	69,922	69,922	69,922
Capacity (students)		450	450	450	450
Enrollment		458	458	476	493
Wilson Middle School (1929)					
Square feet		67,950	67,950	67,950	67,950
Capacity (students)		450	450	450	450
Enrollment		407	388	438	414
High School (1961)	(9)				
Square feet		302,094	302,094	302,094	302,094
Capacity (students)		1,523	1,523	1,523	1,523
Enrollment		1,382	1,496	1,418	1,442

2014	2013	2012	2011	2010	2009
44,982	44,982	44,982	44,982	44,982	38,632
350	350	350	350	350	309
451	424	366	391	368	399
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
493	507	552	487	562	507
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
479	462	492	499	470	453
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
463	472	502	449	456	449
62,169	62,169	62,169	28,152	28,152	28,152
528	528	528	225	225	225
514	579	547	505	499	375
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
543	556	585	544	545	415
62,367	62,367	32,562	32,562	32,562	32,562
472	472	260	260	260	260
507	497	517	467	473	372
-	-	-	-	-	33,197
-	-	-	-	-	265
-	-	-	-	-	383
72,905	72,905	72,905	72,905	56,959	56,959
500	500	500	500	455	455
528	510	472	436	427	444
69,922	69,922	69,922	69,922	69,922	69,922
450	450	450	450	450	450
497	476	484	482	485	490
67,950	67,950	67,950	67,950	67,950	67,950
450	450	450	450	450	387
444	436	442	421	442	456
302,094	302,094	241,763	241,763	241,763	241,763
1,523	1,523	1,447	1,447	1,447	1,447
1,612	1,514	1,421	1,572	1,626	1,762

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS - (Continued)

	<u>Tickmark</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Administrative Service Center	(10)				
Square feet		45,201	45,201	45,201	45,201
Transportation and warehouse					
Square feet		21,400	21,400	21,400	21,400

**Source:** School District records

**Note:** Year of original construction is in parentheses

**Note:** For fiscal year 2017 - 2018, enrollment by building from District May enrollment. For fiscal years 2016-2008, enrollment by building from ODE Fall Headcount.

**Tickmarks**

- (1) Cherry Valley moved into a new building in January 2008. The old Cherry Valley building (1916) was demolished
- (2) North Elementary was renamed Legend and moved into a new building in January 2008. The old North building was demolished.
- (3) Lincoln was renamed Heritage beginning of 2007-2008 school year.
- (4) Miller was closed and sold in December 2010.
- (5) Hillview, Liberty and Carson were opened in 2008.
- (6) McGuffey renovations were completed in 2012 increasing capacity and square footage.
- (7) John Clem renovations were completed in 2011 increasing capacity and square footage.
- (8) Heritage moved to a new building in January 2011. The former buiding was demolished.
- (9) High School renovations, demolition and additions started Summer 2010 and was a three year project.
- (10) Administrative Service Center moved August 2013 to former Roosevelt Building.  
Third floor rented to Licking Area Computer Association (LACA) and Licking County ESC. Part of second floor also LACA.  
Former Administrative Service Center on E. Main St. was sold in November 2013.

<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
45,201	19,000	19,000	19,000	19,000	19,000
21,400	21,400	21,400	21,400	21,400	21,400

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Funds		Governmental Activities		Enrollment	Percent Change
	Expenditures (2)	Cost per pupil	Expenses (2)	Cost per pupil		
2018	\$ 81,582,946	\$ 13,047	\$ 49,709,975	\$ 7,950	6,253	2.06 %
2017	80,961,937	13,214	85,915,823	14,022	6,127	(2.06) %
2016	75,744,646	12,108	76,438,154	12,218	6,256	(0.56) %
2015	72,278,360	11,489	72,174,266	11,473	6,291	(3.67) %
2014	71,523,371	10,951	72,579,294	11,113	6,531	1.52 %
2013	78,215,338	12,158	69,720,787	10,838	6,433	0.83 %
2012	91,225,049	14,299	71,004,115	11,129	6,380	2.03 %
2011	95,437,325	15,263	67,921,375	10,862	6,253	(1.57) %
2010	77,485,426	12,197	63,439,705	9,986	6,353	(2.34) %
2009	74,943,086	11,521	62,941,493	9,676	6,505	(0.50) %

**Source:** School District financial records

(1) Information not currently available.

(2) Debt Service totals have been excluded.

<b>Teaching Staff</b>	<b>Pupil/Teacher Ratio</b>	<b>Student Attendance Percentage</b>
459	13.62	93.20%
444	13.80	94.00%
434	14.43	94.50%
432	14.56	94.20%
431	15.15	94.60%
425	15.14	94.60%
426	14.98	94.70%
431	14.51	94.80%
430	14.77	94.40%
408	15.94	94.30%

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# OHIO AUDITOR OF STATE KEITH FABER



**NEWARK CITY SCHOOL DISTRICT**

**LICKING COUNTY**

### **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 22, 2019**