



**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I		
Title I Grants to Local Educational Agencies	84.010	\$ 311,567
Title I Grants to Local Educational Agencies	84.010	\$ 2,479,657
Total Title I		<u>\$ 2,791,224</u>
Special Education Grant Cluster		
Special Education_Grants to States	84.027	\$ 77,917
Special Education_Grants to States	84.027	\$ 1,466,387
Special Education_Grants to States	84.027	\$ 449,761
Total Special Education_Grants to States		<u>\$ 1,994,065</u>
Special Education_Preschool Grants	84.173	\$ 7,734
Special Education_Preschool Grants	84.173	\$ 39,555
Special Education_Preschool Grants	84.173	\$ 3,782
Special Education_Preschool Grants	84.173	\$ 14,011
Total Special Education_Preschool Grants		<u>\$ 65,082</u>
Total Special Education Grant Cluster		<u>\$ 2,059,147</u>
21st Century Community Grant		
21st Century Community Learning Centers	84.287	\$ 20,106
21st Century Community Learning Centers	84.287	\$ 610,983
Total 21st Century Community Grant		<u>\$ 631,089</u>
Improving Teacher Quality State Grants		
Improving Teacher Quality State Grants	84.367	\$ 48,116
Improving Teacher Quality State Grants	84.367	\$ 229,957
Total Improving Teacher Quality State Grants		<u>\$ 278,073</u>

**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
Student Support and Academic Enrichment Program		
Student Support and Academic Enrichment Program	84.424	\$ 6,000
Student Support and Academic Enrichment Program	84.424	\$ 71,997
Total Title Student Support and Academic Enrichment Program		\$ 77,997
English Language Acquisition State Grants Passed Through the Licking County Educational Service Center		
English Language Acquisition State Grants	84.365	\$ 899
English Language Acquisition State Grants	84.365	\$ 2,142
Total English Language Acquisition State Grants		\$ 3,041
Total U.S. Department of Education		\$ 5,840,571
U.S. DEPARTMENT OF AGRICULTURE Passed Through Ohio Department of Education		
Child Nutrition Grant Cluster		
Non-Cash Assistance (Food Distribution):		
National School Breakfast Program	10.553	\$ 77,630
National School Lunch Program	10.555	\$ 181,137
Non-Cash Assistance Subtotal		\$ 258,767
Cash Assistance:		
National School Breakfast Program	10.553	\$ 602,101
COVID-19 National School Breakfast Program	10.553	\$ 221,088
National School Lunch Program	10.555	\$ 1,019,114
COVID-19 National School Lunch Program	10.555	\$ 380,201
Cash Assistance Subtotal		\$ 2,222,504
Total Child Nutrition Grant Cluster		\$ 2,481,271
Fresh Fruit and Vegetable Program		
Fresh Fruit and Vegetable Program	10.582	\$ 239,271
Total U.S. Department of Agriculture		\$ 2,720,542
Total Expenditures of Federal Awards		\$ 8,561,113

**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, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Newark City School District (the District's) under programs of the federal government for the year ended June 30, 2020. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – 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 E – 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.

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OHIO AUDITOR OF STATE KEITH FABER



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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, 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, 2020, 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 14, 2020, wherein we also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 financial statements. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.



Keith Faber
Auditor of State
Columbus, Ohio

December 14, 2020

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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 the 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 the Newark City School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

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 program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program 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.

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

Opinion on the 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 its major federal program for the year ended June 30, 2020.

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 a 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, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2020, 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 14, 2020. Our opinion also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District. 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.

Newark City School District

Licking County

Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal
Program and on Internal Control Over Compliance Required by the Uniform Guidance

Page 3

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

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.



Keith Faber
Auditor of State
Columbus, Ohio

December 14, 2020

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**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**NEWARK CITY
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2020

**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, 2020**

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Administrative Service Center
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December 14, 2020

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

We are pleased to submit to you the twentieth 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 50,315 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 2020, the District had 6,580 students enrolled in twelve 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; the Newark Digital Academy 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, the local economy started to show signs of improvements that over the period of fiscal year 2016 through 2018, the District is collecting income tax revenues at an average of net 3.1%. For fiscal year 2019 income tax collections increased by 4.2%. For fiscal year 2020, income tax collections decreased by 7.8%. However, due to COVID-19, the District is projecting income tax collection to drop by at least 10% over the previous 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 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 2020

Financial

The District received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for its fiscal year 2019 CAFR.

The District received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for its fiscal year 2019 Popular Annual Financial Report.

The District implemented a lightning LED project district-wide during 2020, and saving during the first year were over \$350 thousand.

Instruction

The District obtains academic performance results from the State of Ohio’s District report card. The District achieved the following grades on the 2019-2020 State of Ohio District report card:

Performance index	**	**
4-year graduation	**	87.3%
5-year graduation	**	87.9%
Closing the Gap	**	**%

**- *Information Unavailable for FY20 due to COVID-19*

INITIATIVES FOR 2021

Financial

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District's fiscal year 2020 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year 2020 Popular Annual Financial Report.

To invest and enhance the District's social emotional needs programs to best serve our students, parents, staff, and community.

Instruction

- To improve the classroom technology by establishing a technology task force to assess all technology needs.
- 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, 2019.

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,

Handwritten signature of Douglas C. Ute in black ink.

Douglas C. Ute
Superintendent

Handwritten signature of Julio Valladares in black ink.

Julio Valladares
Treasurer/CFO

NEWARK CITY SCHOOL DISTRICT

PRINCIPAL OFFICERS

Board of Education

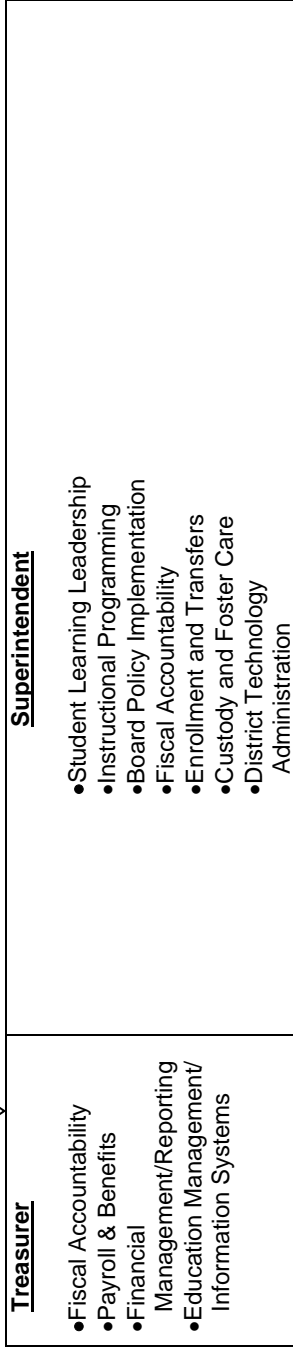
Tim Carr	Board Member, President
Tom Bline	Board Member, Vice President
Mike Blowers	Board Member
Beverly Niccum	Board Member
Warren Weber	Board Member

Administration

Doug 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



Treasurer

- Fiscal Accountability
- Payroll & Benefits
- Financial Management/Reporting
- Education Management/Information Systems

Superintendent

- Student Learning Leadership
- Instructional Programming
- Board Policy Implementation
- Fiscal Accountability
- Enrollment and Transfers
- Custody and Foster Care
- District Technology Administration

Director of Certificated Personnel

- Recruitment and selection of Certificated staff
- Contract Negotiation and Management
- Administrative Development
- Building Level Leadership and Development
- Staff Relations
- Teacher Development

Director of Classified Personnel & Support Services

- Recruitment and Selection of Classified Staff
- Contract Negotiation and Management
- Maintenance/Buildings/Grounds
- Printing/Duplicating
- Secretarial Services
- Transportation
- Warehouse
- District Attendance Areas
- Risk Management

Director of Curriculum & Staff Development, K-12

- Textbook and Instructional Material
- Ohio Department of Education Accountability/CCIP Programs
- Supplemental Student Services and Programs
- Teacher Development
- Building Level Leadership and Development
- Board Policy Development
- District Testing

Assistant Director of Curriculum

- Grant & Entitlement Administration

Community Outreach Coordinator

- District Communication Planning
- Public Engagement
- Media Relations
- Broadcast Management
- Publications
- Crisis Planning and Management Communication
- Website Management
- Social Media

Special Programs Coordinator

- Manages After School Programs
- Fundraising for District
- Event Planning for District
- Administrative Staff Support
- Crisis Planning and Management

Director of Special Education

- Leadership for Special Education Services
- Identification and Placement of Special Education Students
- Compliance with Special Education Laws
- Training and Supervision of Special Education Staff

•3 Coordinators of Special Education

- Pk & Scholarship K-5
- 6-12



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Newark City School District
Ohio**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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, 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, 2020, 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.

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, 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 21 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. 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 have also issued our report dated December 14, 2020, 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.



Keith Faber
Auditor of State
Columbus, Ohio

December 14, 2020

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020. 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 2020 are as follows:

- The District's net position of governmental activities decreased \$1,037,948 which represents a 1.62% decrease from 2019's restated net position.
- For governmental activities general revenues accounted for \$75,153,816 in revenue or 77.79% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$21,461,581 or 22.21% of total revenues of \$96,615,397.
- The District had \$97,653,345 in expenses related to governmental activities; only \$21,461,581 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 \$75,153,816 were not adequate to provide for these programs.
- The District's major governmental funds include the general fund and debt service fund. The general fund had \$76,441,616 in revenues and \$73,984,956 in expenditures. During fiscal year 2020, the general fund's fund balance increased \$2,456,660 from a balance of \$40,738,127 to \$43,194,787.
- The debt service fund had \$4,835,521 in revenues and \$4,524,295 in expenditures. During fiscal year 2020, the debt service fund balance increased by \$311,226 from \$357,760 to \$668,986.

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, 2020
(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 2020?" 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, 2020
(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 acts in a trustee capacity as an agent for individuals. These activities are reported in a custodial fund. All of the District's fiduciary activities are reported in separate statements of changes in fiduciary net position on page 41. 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 43-89 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/asset. The required supplementary information can be found on pages 92-107 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, 2020
(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, 2020 and June 30, 2019. The net position at June 30, 2019 has been restated as described in Note 3.

	Net Position	
	Governmental Activities 2020	Restated Governmental Activities 2019
<u>Assets</u>		
Current and other assets	\$ 88,656,996	\$ 83,970,767
Net OPEB asset	4,657,788	4,325,493
Capital assets, net	<u>133,449,243</u>	<u>136,618,617</u>
Total assets	<u>226,764,027</u>	<u>224,914,877</u>
<u>Deferred Outflows of Resources</u>		
Unamortized deferred charges on debt refunding	1,351,604	1,543,489
Pensions	17,139,963	20,485,519
OPEB	<u>1,884,668</u>	<u>1,107,193</u>
Total deferred outflows of resources	<u>20,376,235</u>	<u>23,136,201</u>
<u>Liabilities</u>		
Current liabilities	10,154,204	9,442,743
Long-term liabilities:		
Due within one year	3,615,843	3,616,445
Due in more than one year:		
Net pension liability	79,821,315	75,711,850
Net OPEB liability	7,573,568	8,095,048
Other amounts	<u>46,403,879</u>	<u>50,626,475</u>
Total liabilities	<u>147,568,809</u>	<u>147,492,561</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next fiscal year	24,905,956	23,854,559
Pensions	3,658,413	4,925,071
OPEB	<u>7,784,485</u>	<u>7,518,340</u>
Total deferred inflows of resources	<u>36,348,854</u>	<u>36,297,970</u>
<u>Net Position</u>		
Net investment in capital assets	89,197,522	88,396,281
Restricted	7,252,514	5,123,792
Unrestricted (deficit)	<u>(33,227,437)</u>	<u>(29,259,526)</u>
Total net position	<u>\$ 63,222,599</u>	<u>\$ 64,260,547</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." 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 and the net OPEB asset.

GASB 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/asset 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, 2020
(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/asset, respectively, not accounted for as deferred inflows/outflows.

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

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 15 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 16 for more detail.

At year-end, capital assets represented 58.85% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2020, was \$89,197,522. 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 accounts payable from obligations not yet paid by June 30 for services performed by June 30.

Deferred inflows related to OPEB increased primarily due to changes in assumptions by STRS. See Note 16 for more detail.

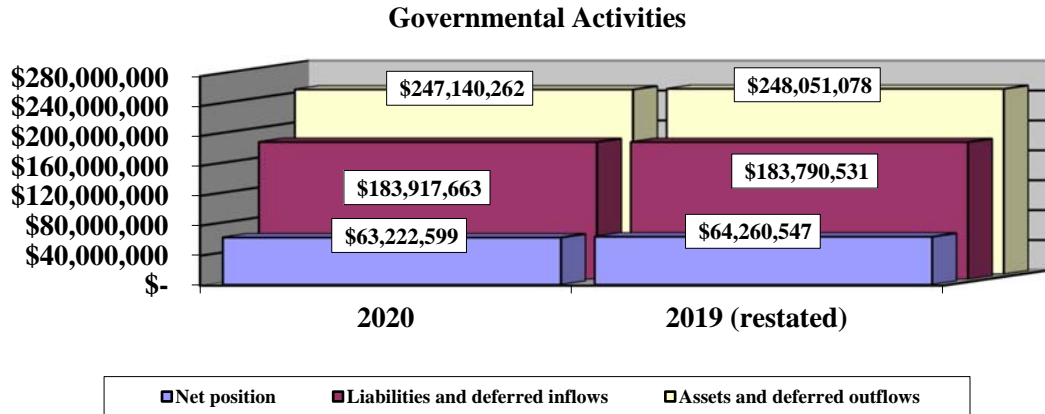
Long-term liabilities decreased primarily due to the District paying its required debt obligations during the fiscal year. In addition, the District's net OPEB liability decreased. This liability is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63,222,599.

A portion of the District's net position, \$7,252,514, 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 \$33,227,437. 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, 2020 and 2019. The net position at June 30, 2019 has been restated as described in Note 3.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)



The table below shows the changes in net position for governmental activities between 2020 and 2019. Due to practicality, 2019 revenues and expenses in the table below have not been adjusted to reflect the implementation of GASB No. 84 (see Note 3). Rather, the cumulative impact of applying GASB No. 84 is reflected in the beginning net position for 2019.

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,678,099	\$ 2,784,938
Operating grants and contributions	18,748,482	15,418,740
Capital grants and contributions	35,000	-
General revenues:		
Property taxes	27,001,292	25,459,615
School district income taxes	9,107,699	9,873,513
Payment in lieu of taxes	100,672	202,392
Grants and entitlements	36,650,466	37,764,786
Investment earnings	881,837	1,054,048
Insurance proceeds	1,010,530	-
Other	401,320	327,382
Total revenues	<u>96,615,397</u>	<u>92,885,414</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

<u>Expenses</u>	<u>2020</u>	<u>2019</u>
Program expenses:		
Instruction:		
Regular	41,333,875	35,153,977
Special	18,114,502	14,109,189
Vocational	350,396	326,222
Other	244,144	156,753
Support services:		
Pupil	5,475,988	4,946,968
Instructional staff	3,700,193	3,160,083
Board of Education	160,036	195,240
Administration	5,256,579	4,373,035
Fiscal	1,602,781	1,363,855
Business	662,469	524,775
Operations and maintenance	8,113,087	6,947,510
Pupil transportation	4,533,278	4,624,303
Central	924,097	558,210
Operation of non-instructional services:		
Food service operations	3,172,208	2,742,860
Other non-instructional services	634,636	1,247,063
Extracurricular activities	1,667,245	1,117,658
Interest and fiscal charges	1,707,831	1,718,585
Total expenses	<u>97,653,345</u>	<u>83,266,286</u>
Special Item	<u>-</u>	<u>4,153,087</u>
Changes in net position	(1,037,948)	13,772,215
Net position at beginning of year (restated)	<u>64,260,547</u>	<u>50,488,332</u>
Net position at end of year	<u>\$ 63,222,599</u>	<u>\$ 64,260,547</u>

Governmental Activities

Net position of the District's governmental activities decreased \$1,037,948. Total governmental expenses of \$97,653,345 were partially offset by program revenues of \$21,461,581 and general revenues of \$75,153,816. Program revenues supported 21.98% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$14,387,059 or 17.28%. This increase is primarily the result of the STRS indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in a prior fiscal year.

On an accrual basis, the District reported \$12,440,378 and \$7,152,705 in pension expense for fiscal year 2020 and 2019, respectively. In addition, the District reported (\$1,168,860) and (\$9,015,722) in OPEB expense for fiscal year 2020 and 2019, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2019 to fiscal year 2020 was \$13,134,535. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities.

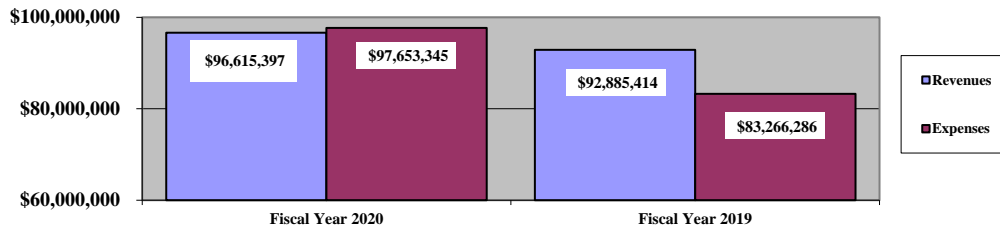
**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

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 \$72,759,457 and represent 75.31% of total governmental revenue. School district income taxes decreased \$765,814, or 7.76%, due to decreased income tax collections resulting from declining economic condition brought on by the COVID-19 pandemic. Grants and entitlements not restricted to specific programs decreased \$1,114,320, or 2.95%, due to decreased funding from the State of Ohio through Foundation payments.

The graph below presents the governmental activities revenues and expenses for fiscal years 2020 and 2019.

Governmental Activities - Revenues and Expenses



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

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 2020 compared to 2019. 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.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
Program expenses:				
Instruction:				
Regular	\$ 41,333,875	\$ 38,848,736	\$ 35,153,977	\$ 32,717,495
Special	18,114,502	7,601,520	14,109,189	5,532,350
Vocational	350,396	259,699	326,222	235,525
Other	244,144	244,144	156,753	156,753
Support services:				
Pupil	5,475,988	3,755,645	4,946,968	4,176,376
Instructional staff	3,700,193	2,180,001	3,160,083	2,103,485
Board of Education	160,036	160,036	195,240	195,240
Administration	5,256,579	4,712,738	4,373,035	4,070,258
Fiscal	1,602,781	1,602,781	1,363,855	1,363,855
Business	662,469	662,469	524,775	524,775
Operations and maintenance	8,113,087	7,936,989	6,947,510	6,656,435
Pupil transportation	4,533,278	3,988,038	4,624,303	4,177,198
Central	924,097	924,097	558,210	558,210
Operation of non-instructional services:				
Food service operations	3,172,208	306,340	2,742,860	(438,811)
Other non-instructional services	634,636	(108,267)	1,247,063	425,836
Extracurricular activities	1,667,245	1,408,967	1,117,658	889,043
Interest and fiscal charges	<u>1,707,831</u>	<u>1,707,831</u>	<u>1,718,585</u>	<u>1,718,585</u>
Total expenses	<u>\$ 97,653,345</u>	<u>\$ 76,191,764</u>	<u>\$ 83,266,286</u>	<u>\$ 65,062,608</u>

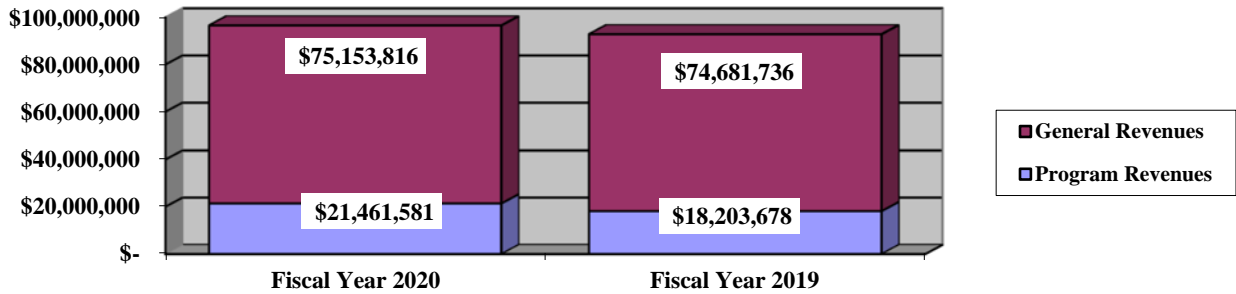
The dependence upon tax and other general revenues for governmental activities is apparent, 78.20% of instruction activities, totaling \$60,042,917 are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.02%.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The graph below presents the District's general and program revenues for fiscal years 2020 and 2019.

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 \$47,520,293 which is more than last year's restated total of \$45,222,388. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019. The fund balances at June 30, 2019 have been restated as described in Note 3.

	Fund Balance June 30, 2020	Restated Fund Balance June 30, 2019	Change
General	\$ 43,194,787	\$ 40,738,127	\$ 2,456,660
Debt Service	668,986	357,760	311,226
Other Governmental	3,656,520	4,126,501	(469,981)
Total	\$ 47,520,293	\$ 45,222,388	\$ 2,297,905

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

General Fund

The District's general fund balance increased \$2,456,660. The table below summarizes the revenues and expenditures for fiscal year 2020 and 2019:

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 30,649,053	\$ 30,532,353	0.38 %
Tuition	1,820,113	1,812,353	0.43 %
Earnings on investments	878,364	1,031,931	(14.88) %
Intergovernmental	42,257,362	43,442,288	(2.73) %
Other revenues	<u>836,724</u>	<u>968,936</u>	(13.65) %
Total	<u>\$ 76,441,616</u>	<u>\$ 77,787,861</u>	(1.73) %
<u>Expenditures</u>			
Instruction	\$ 49,548,600	\$ 47,942,672	3.35 %
Support services	23,233,757	23,734,694	(2.11) %
Operation of non-instructional services	91,586	491,178	(81.35) %
Extracurricular activities	949,974	898,682	5.71 %
Capital outlay	-	299,595	(100.00) %
Debt service	<u>161,039</u>	<u>161,039</u>	- %
Total	<u>\$ 73,984,956</u>	<u>\$ 73,527,860</u>	0.62 %

Intergovernmental revenue decreased due to decreased funding from the State of Ohio through Foundation payments. Earnings on investments decreased due to declining interest rates on the District's investments. Other revenues decreased primarily due to decreased revenues from contracted services. The largest expenditure line item, instruction, increased over fiscal year 2019 due to increased regular instruction expenditures. Operation of non-instructional services decreased due to the District incurring costs associated with Newark Digital Academy in the prior fiscal year. Capital outlay expenditures decreased as a result of entering into a new capital lease for computers in the prior fiscal year.

Debt Service Fund

The debt service fund had \$4,835,521 in revenues and \$4,524,295 in expenditures. During fiscal year 2020, the debt service fund balance increased by \$311,226 from \$357,760 to \$668,986 due to increased property tax collections related to the District's debt service levy.

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 \$78,487,330 were decreased to \$77,045,268 in the final budget. Actual revenues and other financing sources for fiscal year 2020 were \$77,838,986. Actual revenues and other financing sources were \$793,718 higher than final budgeted revenues.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

General fund original appropriations (appropriated expenditures plus other financing uses) of \$79,658,275 were equal to the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2020 totaled \$78,145,693 which was \$1,512,582 lower than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2020, the District had \$133,449,243 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2020 balances compared to 2019.

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2020</u>	<u>2019</u>
Land	\$ 2,234,512	\$ 2,090,712
Land improvements	971,029	620,317
Building and improvements	128,053,547	131,710,625
Furniture and equipment	559,683	638,518
Vehicles	<u>1,630,472</u>	<u>1,558,445</u>
Total	<u>\$ 133,449,243</u>	<u>\$ 136,618,617</u>

Total additions to capital assets for 2020 were \$1,090,411. Depreciation recorded for the fiscal year totaled \$4,259,785.

The overall decrease in capital assets, net of accumulated depreciation, of \$3,169,374 is primarily due to the District's depreciation expense of \$4,259,785.

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

Debt Administration

At June 30, 2020, the District had \$42,414,788 in general obligation bonds and \$352,618 in capital lease obligations. Of this total, \$3,220,697 is due within one year and \$39,546,709 is due in greater than one year. The District also reports \$79,821,315 as a net pension liability due to the application of GASB 68 and \$7,573,568 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, 2020
(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, 2020 and 2019.

Outstanding Debt, at Year End

	<u>Governmental Activities 2020</u>	<u>Governmental Activities 2019</u>
General obligation bonds:		
Refunding	\$ 42,414,788	\$ 44,977,650
Notes payable	-	1,200,000
Capital lease obligations	<u>352,618</u>	<u>688,728</u>
Total	<u>\$ 42,767,406</u>	<u>\$ 46,866,378</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 November 2020 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 2025. 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 2020, the District’s enrollment increased by 152 students from fiscal year 2019.

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 taxpayers 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 continuing support of the community for the passage of the income tax Levy and emergency Levy helps the District maintain a healthy financial condition during the period of the 5-year forecast. 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, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 53,855,627
Receivables:	
Property taxes	28,648,889
Income taxes.	3,559,793
Accounts.	5,602
Accrued interest	65,478
Intergovernmental	2,272,422
Prepayments	220,972
Materials and supplies inventory.	5,221
Inventory held for resale.	22,992
Net OPEB asset (Note 16)	4,657,788
Capital assets:	
Nondepreciable capital assets	2,234,512
Depreciable capital assets, net.	131,214,731
Capital assets, net	133,449,243
Total assets.	226,764,027
Deferred outflows of resources:	
Unamortized deferred charges on debt refundings	1,351,604
Pension (Note 15)	17,139,963
OPEB (Note 16)	1,884,668
Total deferred outflows of resources	20,376,235
Liabilities:	
Accounts payable.	1,020,938
Accrued wages and benefits payable	6,078,885
Pension and postemployment benefits payable.	1,130,303
Intergovernmental payable	168,118
Unearned revenue	1,063,650
Accrued interest payable	147,310
Claims payable.	545,000
Long-term liabilities:	
Due within one year.	3,615,843
Due in more than one year:	
Net pension liability (Note 15).	79,821,315
Net OPEB liability (Note 16)	7,573,568
Other amounts due in more than one year	46,403,879
Total liabilities	147,568,809
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	24,905,956
Pension (Note 15)	3,658,413
OPEB (Note 16)	7,784,485
Total deferred inflows of resources	36,348,854
Net position:	
Net investment in capital assets	89,197,522
Restricted for:	
Classroom facilities maintenance	1,208,104
Debt service.	258,252
Locally funded programs	26,359
State funded programs.	778,318
Federally funded programs	1,778,509
Student activities	375,232
Food service operations	2,785,775
Other purposes	41,965
Unrestricted (deficit)	(33,227,437)
Total net position	\$ 63,222,599

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, 2020

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 41,333,875	\$ 1,758,790	\$ 726,349	\$ -	\$ (38,848,736)
Special	18,114,502	156,378	10,356,604	-	(7,601,520)
Vocational	350,396	-	90,697	-	(259,699)
Other	244,144	-	-	-	(244,144)
Support services:					
Pupil.	5,475,988	-	1,720,343	-	(3,755,645)
Instructional staff	3,700,193	-	1,520,192	-	(2,180,001)
Board of education	160,036	-	-	-	(160,036)
Administration.	5,256,579	-	543,841	-	(4,712,738)
Fiscal.	1,602,781	-	-	-	(1,602,781)
Business.	662,469	-	-	-	(662,469)
Operations and maintenance	8,113,087	108,117	67,981	-	(7,936,989)
Pupil transportation.	4,533,278	12,873	532,367	-	(3,988,038)
Central	924,097	-	-	-	(924,097)
Operation of non-instructional services:					
Food service operations	3,172,208	376,860	2,489,008	-	(306,340)
Other non-instructional services	634,636	79,620	663,283	-	108,267
Extracurricular activities.	1,667,245	185,461	37,817	35,000	(1,408,967)
Interest and fiscal charges	1,707,831	-	-	-	(1,707,831)
Total governmental activities	\$ 97,653,345	\$ 2,678,099	\$ 18,748,482	\$ 35,000	(76,191,764)

General revenues:

Property taxes levied for:	
General purposes	21,300,057
Debt service.	4,227,788
Capital outlay	1,060,566
Facilities maintenance.	412,881
Income taxes levied for:	
General purposes	9,107,699
Payments in lieu of taxes.	100,672
Grants and entitlements not restricted to specific programs	
Investment earnings	36,650,466
Insurance proceeds	881,837
Miscellaneous	1,010,530
	401,320
Total general revenues	75,153,816
Change in net position	(1,037,948)
Net position at beginning of year (restated).	64,260,547
Net position at end of year.	\$ 63,222,599

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 43,957,197	\$ 229,587	\$ 5,760,393	\$ 49,947,177
Receivables:				
Property taxes	22,367,139	4,360,710	1,921,040	28,648,889
Income taxes	3,559,793	-	-	3,559,793
Accounts	5,602	-	-	5,602
Accrued interest	65,478	-	-	65,478
Interfund loans	1,756,007	-	-	1,756,007
Intergovernmental	60,219	-	2,212,203	2,272,422
Prepayments	211,935	-	9,037	220,972
Materials and supplies inventory	-	-	5,221	5,221
Inventory held for resale	-	-	22,992	22,992
Total assets	\$ 71,983,370	\$ 4,590,297	\$ 9,930,886	\$ 86,504,553
Liabilities:				
Accounts payable	\$ 531,261	\$ -	\$ 489,677	\$ 1,020,938
Accrued wages and benefits payable	5,869,959	-	208,926	6,078,885
Intergovernmental payable	166,145	-	1,973	168,118
Pension and post employment benefits payable	1,037,317	-	92,986	1,130,303
Interfund loans payable	-	-	1,756,007	1,756,007
Total liabilities	7,604,682	-	2,549,569	10,154,251
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	19,423,195	3,763,448	1,719,313	24,905,956
Delinquent property tax revenue not available	777,486	157,863	52,202	987,551
Income tax revenue not available	889,948	-	-	889,948
Intergovernmental revenue not available	26,224	-	1,953,282	1,979,506
Accrued interest not available	62,412	-	-	62,412
Miscellaneous revenue not available	4,636	-	-	4,636
Total deferred inflows of resources	21,183,901	3,921,311	3,724,797	28,830,009
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	5,221	5,221
Prepays	211,935	-	9,037	220,972
Restricted:				
Debt service	-	668,986	-	668,986
Classroom facilities maintenance	-	-	1,208,104	1,208,104
Food service operations	-	-	2,859,496	2,859,496
Non-public schools	-	-	118,957	118,957
Special education	-	-	593	593
Other purposes	-	-	76,125	76,125
Extracurricular	-	-	375,222	375,222
Student success and wellness	-	-	638,689	638,689
Assigned:				
Student instruction	538,146	-	-	538,146
Student and staff support	1,810,709	-	-	1,810,709
Extracurricular activities	5,800	-	-	5,800
Subsequent year's appropriations	3,555,800	-	-	3,555,800
Other purposes	123,995	-	-	123,995
Unassigned (deficit)	36,948,402	-	(1,634,924)	35,313,478
Total fund balances	43,194,787	668,986	3,656,520	47,520,293
Total liabilities, deferred inflows and fund balances	\$ 71,983,370	\$ 4,590,297	\$ 9,930,886	\$ 86,504,553

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, 2020**

Total governmental fund balances		\$	47,520,293
<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.			133,449,243
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	987,551	
Income taxes receivable		889,948	
Accounts receivable		4,636	
Accrued interest receivable		62,412	
Intergovernmental receivable		1,979,506	
Total		3,924,053	3,924,053
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.			2,299,800
Unamortized premiums on bonds issued are not recognized in the funds.			(3,133,993)
Deferred outflows of resources related to unamortized deferred charges on debt refundings are not recognized in the funds.			1,351,604
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(147,310)
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		17,139,963	
Deferred inflows of resources - pension		(3,658,413)	
Net pension liability		(79,821,315)	
Total		(66,339,765)	(66,339,765)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:			
Net OPEB asset		4,657,788	
Deferred outflows of resources - OPEB		1,884,668	
Deferred inflows of resources - OPEB		(7,784,485)	
Net OPEB liability		(7,573,568)	
Total		(8,815,597)	(8,815,597)
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		(42,836,075)	
Capital lease obligations		(352,618)	
Compensated absences		(3,697,036)	
Total		(46,885,729)	(46,885,729)
Net position of governmental activities		\$	63,222,599

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, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 21,303,493	\$ 4,224,636	\$ 1,473,945	\$ 27,002,074
Income taxes	9,345,560	-	-	9,345,560
Payment in lieu of taxes	100,672	-	-	100,672
Tuition	1,820,113	-	-	1,820,113
Transportation fees	12,873	-	-	12,873
Earnings on investments	878,364	-	38,799	917,163
Charges for services	-	-	376,860	376,860
Extracurricular	13,983	-	188,568	202,551
Classroom materials and fees	92,497	-	-	92,497
Rental income	108,117	-	-	108,117
Contributions and donations	42,574	-	84,215	126,789
Other local revenues	466,008	-	26,064	492,072
Intergovernmental - state	41,728,163	610,885	2,615,738	44,954,786
Intergovernmental - federal	529,199	-	8,481,493	9,010,692
Total revenues	<u>76,441,616</u>	<u>4,835,521</u>	<u>13,285,682</u>	<u>94,562,819</u>
Expenditures:				
Current:				
Instruction:				
Regular	35,783,977	-	487,645	36,271,622
Special	13,361,179	-	3,655,911	17,017,090
Vocational	189,092	-	-	189,092
Other	214,352	-	-	214,352
Support services:				
Pupil	3,909,051	-	1,180,268	5,089,319
Instructional staff	2,259,422	-	1,034,008	3,293,430
Board of education	157,957	-	-	157,957
Administration	4,219,110	-	431,128	4,650,238
Fiscal	1,436,246	64,014	22,326	1,522,586
Business	610,876	-	-	610,876
Operations and maintenance	6,374,170	-	867,860	7,242,030
Pupil transportation	3,372,614	-	421,984	3,794,598
Central	894,311	-	-	894,311
Operation of non-instructional services:				
Food service operations	-	-	2,819,190	2,819,190
Other non-instructional services	91,586	-	526,059	617,645
Extracurricular activities	949,974	-	208,590	1,158,564
Facilities acquisition and construction	-	-	1,659,887	1,659,887
Debt service:				
Principal retirement	147,382	2,562,862	1,388,728	4,098,972
Interest and fiscal charges	13,657	1,610,281	35,388	1,659,326
Accretion on capital appreciation bonds	-	287,138	-	287,138
Total expenditures	<u>73,984,956</u>	<u>4,524,295</u>	<u>14,738,972</u>	<u>93,248,223</u>
Excess of revenues over (under) expenditures	2,456,660	311,226	(1,453,290)	1,314,596
Other financing sources:				
Insurance proceeds	-	-	1,010,530	1,010,530
Net change in fund balances	2,456,660	311,226	(442,760)	2,325,126
Fund balances				
at beginning of year (restated)	40,738,127	357,760	4,126,501	45,222,388
(Decrease) in reserve for inventory	-	-	(27,221)	(27,221)
Fund balances at end of year	<u>\$ 43,194,787</u>	<u>\$ 668,986</u>	<u>\$ 3,656,520</u>	<u>\$ 47,520,293</u>

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, 2020

Net change in fund balances - total governmental funds	\$	2,325,126
<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	\$ 1,090,411	
Current year depreciation	<u>(4,259,785)</u>	
Total		(3,169,374)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(27,221)
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	(782)	
Income tax revenue	(237,861)	
Earnings on investments	3,473	
Other revenue	400	
Intergovernmental	<u>1,051,208</u>	
Total		816,438
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	2,495,000	
Notes	1,200,000	
Capital appreciation bonds	67,862	
Accreted interest on capital appreciation bonds	287,138	
Capital leases	<u>336,110</u>	
Total		4,386,110
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	9,521	
Accreted interest on capital appreciation bonds	(213,370)	
Amortization of bond premiums	347,229	
Amortization of deferred charges on debt refundings	<u>(191,885)</u>	
Total		(48,505)
Contractually required pension contributions are reported as expenditures in funds; however, the statement of activities reports these amounts as deferred outflows.		
		6,252,015
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(12,440,378)
Contractually required OPEB contributions are reported as expenditures in funds; however, the statement of activities reports these amounts as deferred outflows.		
		196,245
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		
		1,168,860
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.		
		(296,771)
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>(200,493)</u>
Change in net position of governmental activities	\$	<u>(1,037,948)</u>

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 20,466,339	\$ 20,466,339	\$ 20,845,582	\$ 379,243
Income taxes	9,601,575	9,601,575	10,059,141	457,566
Payment in lieu of taxes	276,000	276,000	100,672	(175,328)
Tuition	1,983,854	1,983,854	1,819,807	(164,047)
Transportation fees	18,000	18,000	14,006	(3,994)
Earnings on investments	830,000	830,000	822,423	(7,577)
Classroom materials and fees	131,840	131,840	91,362	(40,478)
Rental income	110,000	110,000	108,117	(1,883)
Contributions and donations	23,000	23,000	579	(22,421)
Contract services	24,000	24,000	-	(24,000)
Other local revenues	471,572	353,572	429,058	75,486
Intergovernmental - state	43,229,212	41,381,591	41,702,866	321,275
Intergovernmental - federal	672,938	672,938	672,938	-
Total revenues	<u>77,838,330</u>	<u>75,872,709</u>	<u>76,666,551</u>	<u>793,842</u>
Expenditures:				
Current:				
Instruction:				
Regular	36,931,165	36,931,165	36,226,677	704,488
Special	13,839,812	13,839,812	13,577,210	262,602
Vocational	260,690	260,690	255,946	4,744
Other	218,533	218,533	214,558	3,975
Support services:				
Pupil	4,135,076	4,135,076	4,059,861	75,215
Instructional staff	2,555,814	2,555,814	2,509,322	46,492
Board of education	231,594	231,594	226,891	4,703
Administration	4,370,708	4,370,708	4,271,655	99,053
Fiscal	1,508,635	1,508,635	1,481,194	27,441
Business	678,048	678,048	665,715	12,333
Operations and maintenance	7,681,485	7,681,485	7,541,763	139,722
Pupil transportation	3,597,751	3,597,751	3,532,310	65,441
Central	1,004,759	1,004,759	986,483	18,276
Operation of non-instructional services:				
Other non-instructional services	4,121	4,121	4,046	75
Extracurricular activities	979,668	979,668	961,848	17,820
Total expenditures	<u>77,997,859</u>	<u>77,997,859</u>	<u>76,515,479</u>	<u>1,482,380</u>
Excess of revenues over (under) expenditures	<u>(159,529)</u>	<u>(2,125,150)</u>	<u>151,072</u>	<u>2,276,222</u>
Other financing sources (uses):				
Refund of prior year's expenditures	100,000	568,341	569,273	932
Refund of prior year's receipts	(8,809)	(8,809)	(8,649)	160
Transfers in	200,000	118,984	118,928	(56)
Transfers (out)	(121,131)	(121,131)	(118,928)	2,203
Advances in	318,000	484,234	484,234	-
Advances (out)	(1,530,476)	(1,530,476)	(1,502,637)	27,839
Sale of capital assets	31,000	1,000	-	(1,000)
Total other financing sources (uses)	<u>(1,011,416)</u>	<u>(487,857)</u>	<u>(457,779)</u>	<u>30,078</u>
Net change in fund balance	(1,170,945)	(2,613,007)	(306,707)	2,306,300
Fund balance at beginning of year	39,832,931	39,832,931	39,832,931	-
Prior year encumbrances appropriated	1,592,175	1,592,175	1,592,175	-
Fund balance at end of year	<u>\$ 40,254,161</u>	<u>\$ 38,812,099</u>	<u>\$ 41,118,399</u>	<u>\$ 2,306,300</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

	Governmental Activities - Internal Service Fund
Current Assets:	
Equity in pooled cash and investments	\$ 3,908,450
Total assets.	<u>3,908,450</u>
Current liabilities:	
Claims payable	545,000
Unearned revenue	<u>1,063,650</u>
Total liabilities	<u>1,608,650</u>
Net position:	
Unrestricted.	<u>2,299,800</u>
Total net position.	<u>\$ 2,299,800</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, 2020

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 11,829,461
Total operating revenues	<u>11,829,461</u>
Operating expenses:	
Purchased services	2,439,721
Claims	<u>9,590,233</u>
Total operating expenses	<u>12,029,954</u>
Operating loss / change in net position . . .	(200,493)
Net position at beginning of year	<u>2,500,293</u>
Net position at end of year	<u><u>\$ 2,299,800</u></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, 2020

	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:	
Cash received from charges for services	\$ 11,922,158
Cash payments for purchased services	(2,439,721)
Cash payments for claims	<u>(9,619,233)</u>
Net cash used in operating activities	<u>(136,796)</u>
Net decrease in cash and investments	(136,796)
Cash and investments at beginning of year	<u>4,045,246</u>
Cash and investments at end of year	<u><u>\$ 3,908,450</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (200,493)
Changes in assets and liabilities:	
Increase in unearned revenue	92,697
(Decrease) in claims payable	<u>(29,000)</u>
Net cash used in operating activities	<u><u>\$ (136,796)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Custodial
Additions:	
Extracurricular collections for OHSAA	\$ 6,785
Deductions:	
Extracurricular distributions to OHSAA	6,785
Change in net position	-
Net position at beginning of year (restated)	-
Net position at end of year	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 12 instructional facilities, and one transportation/maintenance/warehouse building compound all staffed by 283 non-certified employees, 547 certified employees to provide services to approximately 6,580 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 no component units.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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 \$307,793 were made to LACA during the current fiscal year.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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.

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 custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's only custodial fund accounts for monies held and remitted to the Ohio High School Athletic Association (OHSAA).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

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/asset, 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, 2020

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 and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 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/asset, 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 custodial 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.

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 2020.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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. 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 investments" on the financial statements.

During fiscal year 2020, investments were limited to non-negotiable certificates of deposit (non-negotiable CDs), Federal National Mortgage Association (FNMA) securities, commercial paper, negotiable certificates of deposit (negotiable CDs), U.S. Treasury bonds, and a U.S. government money market mutual fund. The District measures investments at fair value which is based on quoted market prices except for non-negotiable CDs, which are reported at cost.

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 2020 amounted to \$878,364 which includes \$125,540 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 original maturity of more than three months that are not made from the cash management pool are reported as investments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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.

All reported 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>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.

**NEWARK CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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.

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. The District had neither type of transaction during fiscal year 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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, 2020, 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, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, 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.

V. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2020, the District has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds or private-purpose trust funds. The District reviewed its agency funds and private-purpose trust funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District's financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2019:

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	\$ 40,738,127	\$ 357,760	\$ 4,011,297	\$ 45,107,184
GASB Statement No. 84	-	-	115,204	115,204
Restated Fund Balance, at June 30, 2019	<u>\$ 40,738,127</u>	<u>\$ 357,760</u>	<u>\$ 4,126,501</u>	<u>\$ 45,222,388</u>

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2019:

	Governmental Activities
Net position as previously reported	\$ 64,145,343
GASB Statement No. 84	<u>115,204</u>
Restated net position at June 30, 2019	<u>\$ 64,260,547</u>

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$0. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds or private-purpose trust funds. At June 30, 2019, agency funds reported assets and liabilities of \$71,312. At June 30, 2019, private-purpose trust funds reported a net position of \$43,892.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Deficit Fund Balances

Fund balances at June 30, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Miscellaneous state grants	\$ 4,980
IDEA Part B	77,467
Title I	62,244
Improving teacher quality	5,380
Permanent improvement	1,479,181

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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.

Except as noted above, 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 investments".

B. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all District deposits was \$49,631,858 and the bank balance of all District deposits was \$49,742,339. Of the bank balance, \$49,357,339 was covered by the FDIC and \$385,000 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 fair 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, 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

As of June 30, 2020, the District had the following investment and maturity:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
Negotiable CD's	\$ 2,766,099	\$ -	\$ -	\$ 716,441	\$ 253,229	\$ 1,796,429
FNMA	200,831	-	-	-	-	200,831
Commercial paper	893,307	893,307	-	-	-	-
U.S. Treasury Bonds	202,672	-	202,672	-	-	-
U.S. Government money market mutual fund	155,115	155,115	-	-	-	-
Total	\$ 4,218,024	\$ 1,048,422	\$ 202,672	\$ 716,441	\$ 253,229	\$ 1,997,260

The weighted average maturity of investments is 2.11 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FNMA), commercial paper, U.S Treasury Bonds, and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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 federal agency securities and U.S. Treasury Bonds were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The commercial paper was rated A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The negotiable CDs are not rated but are fully covered by the FDIC. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 federal agency securities, commercial paper, and U.S. Treasury Bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. 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. The following table includes the percentage of each investment type held by the District at June 30, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Fair Value:		
Negotiable CD's	\$ 2,766,099	65.58
FNMA	200,831	4.76
Commercial paper	893,307	21.18
U.S. Treasury Bonds	202,672	4.80
U.S Government money market mutual fund	<u>155,115</u>	<u>3.68</u>
Total	<u>\$ 4,218,024</u>	<u>100.00</u>

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, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 49,631,858
Investments	4,218,024
Cash on hand	<u>5,745</u>
Total	<u>\$ 53,855,627</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	<u>\$ 53,855,627</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - INTERFUND TRANSACTIONS

Interfund loans receivable/payable consisted of the following at June 30, 2020, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 1,756,007</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 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair 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 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, 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, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$2,166,458 in the general fund, \$439,399 in the debt service fund, and \$149,525 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2019 was \$1,708,547 in the general fund, \$337,536 in the debt service fund, and \$119,441 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.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 804,545,444	95.20	\$ 811,503,418	94.97
Public utility personal	<u>40,524,110</u>	<u>4.80</u>	<u>42,993,230</u>	<u>5.03</u>
Total	<u>\$ 845,069,554</u>	<u>100.00</u>	<u>\$ 854,496,648</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 42.90		\$ 42.90	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2020 consisted of property taxes, income 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:

Governmental activities:

Property taxes	\$ 28,648,889
School district income tax	3,559,793
Accounts	5,602
Accrued interest	65,478
Intergovernmental	<u>2,272,422</u>
Total	<u>\$ 34,552,184</u>

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

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 \$9,345,560 on the governmental fund financial statements during fiscal year 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 2,252,731
Other governmental	<u>1,759,535</u>
Total	<u>\$ 4,012,266</u>

NOTE 10 - CAPITAL ASSETS

The change in governmental activities capital assets for fiscal year 2020 is as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2020</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,090,712	\$ 143,800	\$ -	\$ 2,234,512
Non-depreciable capital assets	<u>2,090,712</u>	<u>143,800</u>	<u>-</u>	<u>2,234,512</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,175,332	421,196	-	1,596,528
Building/improvements	166,500,622	-	-	166,500,622
Furniture/equipment	4,184,907	94,683	-	4,279,590
Vehicles	<u>5,572,712</u>	<u>430,732</u>	<u>-</u>	<u>6,003,444</u>
Depreciable capital assets	<u>177,433,573</u>	<u>946,611</u>	<u>-</u>	<u>178,380,184</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(555,015)	(70,484)	-	(625,499)
Building/improvements	(34,789,997)	(3,657,078)	-	(38,447,075)
Furniture/equipment	(3,546,389)	(173,518)	-	(3,719,907)
Vehicles	<u>(4,014,267)</u>	<u>(358,705)</u>	<u>-</u>	<u>(4,372,972)</u>
Total accumulated depreciation	<u>(42,905,668)</u>	<u>(4,259,785)</u>	<u>-</u>	<u>(47,165,453)</u>
Governmental activities capital assets, net	<u>\$ 136,618,617</u>	<u>\$ (3,169,374)</u>	<u>\$ -</u>	<u>\$ 133,449,243</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 2,603,318
Special	2,000
Vocational	147,208
<u>Support services:</u>	
Pupil	91,194
Instructional staff	147,265
Administration	236,169
Business	1,279
Operations and maintenance	182,675
Pupil transportation	396,112
<u>Operation of non-instructional services:</u>	
Food service operations	212,914
Extracurricular activities	239,651
Total depreciation expense	<u>\$ 4,259,785</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - LONG-TERM OBLIGATIONS

The District's long-term obligations during the year consist of the following.

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
<u>General Obligation Bonds:</u>					
Refunding bonds - Series 2012					
Current interest bonds	\$ 8,545,000	\$ -	\$ (1,050,000)	\$ 7,495,000	\$ 1,720,000
Unamortized premium	625,453	-	(115,468)	509,985	-
Refunding bonds - Series 2013					
Current interest bonds	5,770,000	-	(830,000)	4,940,000	15,000
Unamortized premium	510,755	-	(60,684)	450,071	-
Capital appreciation bonds	67,862	-	(67,862)	-	-
Accreted interest	240,865	46,273	(287,138)	-	-
Refunding bonds - Series 2014					
Current interest bonds	8,530,000	-	(70,000)	8,460,000	-
Unamortized premium	717,157	-	(49,745)	667,412	-
Capital appreciation bonds	24,788	-	-	24,788	3,079
Accreted interest	254,190	167,097	-	421,287	52,283
Refunding bonds - Series 2016					
Current interest bonds	22,040,000	-	(545,000)	21,495,000	1,130,000
Unamortized premium	1,627,857	-	(121,332)	1,506,525	-
Total general obligation bonds payable	<u>48,953,927</u>	<u>213,370</u>	<u>(3,197,229)</u>	<u>45,970,068</u>	<u>2,920,362</u>
<u>Other Long-Term Obligations:</u>					
Capital lease obligations	688,728	-	(336,110)	352,618	\$ 352,618
Notes payable from from direct borrowing - Series 2016	1,200,000	-	(1,200,000)	-	-
Net pension liability:					
STRS	59,187,265	3,004,325	-	62,191,590	-
SERS	16,524,585	1,105,140	-	17,629,725	-
Total net pension liability	<u>75,711,850</u>	<u>4,109,465</u>	<u>-</u>	<u>79,821,315</u>	<u>-</u>
Net OPEB liability:					
SERS	8,095,048	-	(521,480)	7,573,568	-
Total net OPEB liability	<u>8,095,048</u>	<u>-</u>	<u>(521,480)</u>	<u>7,573,568</u>	<u>-</u>
Compensated absences	3,400,265	714,125	(417,354)	3,697,036	342,863
Total other long-term obligations	<u>89,095,891</u>	<u>4,823,590</u>	<u>(2,474,944)</u>	<u>91,444,537</u>	<u>695,481</u>
Total long-term obligations	<u>\$ 138,049,818</u>	<u>\$ 5,036,960</u>	<u>\$ (5,672,173)</u>	<u>\$ 137,414,605</u>	<u>\$ 3,615,843</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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, 2020, is \$7,665,000.

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, 2020, is \$4,865,000.

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 that matured December 1, 2017 was \$640,000 and the accreted value at maturity for the capital appreciation bond that matured December 1, 2019 was \$355,000.

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, 2020, is \$9,010,000.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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 \$421,287 has been included in the statement of net position at June 30, 2020.

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, 2020, is \$23,060,000.

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, 2020, 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
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	2,790,000	1,265,913	4,055,913	-	-	-
2025	2,890,000	1,160,713	4,050,713	-	-	-
2026 - 2030	16,085,000	4,102,238	20,187,238	-	-	-
2031 - 2034	<u>12,435,000</u>	<u>855,900</u>	<u>13,290,900</u>	-	-	-
Total	<u>\$ 42,390,000</u>	<u>\$ 11,707,018</u>	<u>\$ 54,097,018</u>	<u>\$ 24,788</u>	<u>\$ 835,212</u>	<u>\$ 860,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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. During fiscal year 2020, the District paid off the tax anticipation note early.

The tax anticipation note is considered a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender (Park National Bank) and are not offered for public sale. The note is collateralized by future tax collections.

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 general fund.

Net OPEB Liability/Asset

See Note 16 for information on the District's net OPEB liability/asset. The District pays obligations related to employee compensation from the general fund.

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, 2020, are a voted debt margin of \$35,158,896 (including available funds of \$668,986) and an unvoted debt margin of \$854,497.

NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal years 2019 and 2016, the District entered into capital lease agreements for computers and copiers, respectively. 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. The District did not capitalize assets acquired under the computer lease as each computer is under the District's threshold of \$5,000. 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, 2020 was \$201,828 leaving a current book value of \$50,456.

**NEWARK CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)

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 2020 fiscal year totaled \$336,110. This amount is reflected as debt service principal retirement, \$147,382 in the general fund and \$188,728 in the permanent improvement fund (a nonmajor governmental fund), and as a reduction to the long-term liabilities reported on the statement of net position. The outstanding principal to be paid on the computer and copier leases is \$298,074 and \$54,544, respectively. Since the computers acquired under the capital lease were not capitalized, only the \$54,544 lease obligation is included in the calculation of net position – net investment in capital assets. 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, 2020:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2021	<u>369,375</u>
	369,375
Less: amount representing interest	<u>(16,757)</u>
Present value of minimum lease payments	<u><u>\$ 352,618</u></u>

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 sixty-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 hours or more per week, \$20,000 for classified employees under contract for twenty to twenty-nine hours per week, and \$10,000 for employees working less than twenty hours per week.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 2020, 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	\$ 251,325,669
Equipment breakdown	251,325,669
General Liability:	
Per occurrence	1,000,000
Annual aggregate	3,000,000
Data compromise coverage	1,000,000
Vehicle - combined single limit	1,000,000
Educators legal liability	1,000,000
Educators excess liability	4,000,000

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.

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 \$545,000 reported in the basic financial statements at June 30, 2020, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - RISK MANAGEMENT - (Continued)

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>
2020	\$ 574,000	\$ 9,590,233	\$ (9,619,233)	\$ 545,000
2019	607,000	10,140,399	(10,173,399)	574,000

C. Workers' Compensation Rating Program

For fiscal year 2020, 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.

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.

**NEWARK CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 both the accrual and modified accrual bases of accounting.

Plan Description - District 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 under Employers/Audit Resources.

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	Age 65 with 5 years of services credit; or 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; or 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% 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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$1,488,792 for fiscal year 2020. Of this amount, \$114,599 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.

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% 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 28 years of service, or 33 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 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 to 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 2020, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$4,763,223 for fiscal year 2020. Of this amount, \$819,156 is reported as pension and postemployment benefits payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2019, 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	0.28852890%	0.26918285%	
Proportion of the net pension liability current measurement date	<u>0.29465500%</u>	<u>0.28122668%</u>	
Change in proportionate share	<u>0.00612610%</u>	<u>0.01204383%</u>	
Proportionate share of the net pension liability	\$ 17,629,725	\$ 62,191,590	\$ 79,821,315
Pension expense	\$ 2,911,646	\$ 9,528,732	\$ 12,440,378

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2020, 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>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 447,051	\$ 506,345	\$ 953,396
Changes of assumptions	-	7,305,602	7,305,602
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	296,803	2,332,147	2,628,950
Contributions subsequent to the measurement date	<u>1,488,792</u>	<u>4,763,223</u>	<u>6,252,015</u>
Total deferred outflows of resources	<u>\$ 2,232,646</u>	<u>\$ 14,907,317</u>	<u>\$ 17,139,963</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 269,214	\$ 269,214
Net difference between projected and actual earnings on pension plan investments	226,298	3,039,586	3,265,884
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>123,315</u>	<u>-</u>	<u>123,315</u>
Total deferred inflows of resources	<u>\$ 349,613</u>	<u>\$ 3,308,800</u>	<u>\$ 3,658,413</u>

\$6,252,015 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, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ 604,816	\$ 4,697,181	\$ 5,301,997
2022	(323,855)	1,335,498	1,011,643
2023	(15,059)	2,286	(12,773)
2024	<u>128,339</u>	<u>800,329</u>	<u>928,668</u>
Total	<u>\$ 394,241</u>	<u>\$ 6,835,294</u>	<u>\$ 7,229,535</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2019, are presented below:

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

For 2019, 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. 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%). 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.

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%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net pension liability	\$ 24,705,548	\$ 17,629,725

**NEWARK CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% 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.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
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	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**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
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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%, 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%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 90,886,081	\$ 62,191,590	\$ 37,900,234

NOTE 16 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset 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/asset 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/asset 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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/asset. Resulting adjustments to the net OPEB liability/asset 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/funded benefits is presented as a long-term *net OPEB liability* or *net OPEB asset* 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 both the accrual and modified accrual bases of accounting.

Plan Description - District 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 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$196,245.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$196,245 for fiscal year 2020. Of this amount, \$196,245 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, 2021. The Plan is included in the report of STRS which can be obtained by visiting 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% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset 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/asset prior measurement date	0.29179020%	0.26918285%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.30116110%</u>	<u>0.28122668%</u>	
Change in proportionate share	<u>0.00937090%</u>	<u>0.01204383%</u>	
Proportionate share of the net OPEB liability	\$ 7,573,568	\$ -	\$ 7,573,568
Proportionate share of the net OPEB asset	\$ -	\$ (4,657,788)	\$ (4,657,788)
OPEB expense	\$ 228,238	\$ (1,397,098)	\$ (1,168,860)

**NEWARK CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 111,175	\$ 422,264	\$ 533,439
Net difference between projected and actual earnings on OPEB plan investments	18,180	-	18,180
Changes of assumptions	553,163	97,905	651,068
Difference between employer contributions and proportionate share of contributions/change in proportionate share	320,847	164,889	485,736
Contributions subsequent to the measurement date	196,245	-	196,245
Total deferred outflows of resources	\$ 1,199,610	\$ 685,058	\$ 1,884,668
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,663,862	\$ 236,971	\$ 1,900,833
Net difference between projected and actual earnings on OPEB plan investments	-	292,540	292,540
Changes of assumptions	424,398	5,106,725	5,531,123
Difference between employer contributions and proportionate share of contributions/change in proportionate share	59,989	-	59,989
Total deferred inflows of resources	\$ 2,148,249	\$ 5,636,236	\$ 7,784,485

\$196,245 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/asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ (432,026)	\$ (1,082,922)	\$ (1,514,948)
2022	(160,841)	(1,082,921)	(1,243,762)
2023	(155,506)	(965,675)	(1,121,181)
2024	(156,375)	(924,545)	(1,080,920)
2025	(162,376)	(920,070)	(1,082,446)
Thereafter	(77,760)	24,955	(52,805)
Total	\$ (1,144,884)	\$ (4,951,178)	\$ (6,096,062)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2019 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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%, 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 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	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% 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 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. 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.

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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 9,192,876	\$ 7,573,568	\$ 6,286,029

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 6,067,962	\$ 7,573,568	\$ 9,571,143

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
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	1.00	2.25
Total	<u>100.00 %</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**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 OPEB asset was 7.45% as of June 30, 2019. 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 projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 3,974,495	\$ 4,657,788	\$ 5,232,279
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 5,281,718	\$ 4,657,788	\$ 3,893,626

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.

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, ODE has finalized the state foundation funding on November 27, 2020 and as a result the District is owed \$83,275 from ODE. This amount has not been included in the financial statements.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 18 - SET-ASIDES - (Continued)

	<u>Capital Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	1,148,154
Current year offsets	<u>(1,148,154)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2020	<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.

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).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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	\$ (306,707)
Net adjustment for revenue accruals	(347,051)
Net adjustment for expenditure accruals	(31,530)
Net adjustment for other sources/uses	457,779
Funds budgeted elsewhere	(76,086)
Adjustment for encumbrances	<u>2,760,255</u>
GAAP basis	<u>\$ 2,456,660</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.

The District has incurred a reduction in property tax receipts due to agreements entered into by the City of Newark. During fiscal year 2020, the District’s property tax receipts were reduced under agreements entered into by the City of Newark as follows:

<u>Government Entering Into Agreement</u>	<u>Tax Abatement Program CRA</u>
City of Newark	<u>\$ 276,855</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 22 – SUBSEQUENT EVENT

On July 23, 2020, the District issued \$13,365,491 in Series 2020 Refunding Bonds to advance refund a portion of the Series 2013 Refunding Bonds and a portion of the Series 2014 Refunding Bonds. The refunding bonds mature on December 1, 2033.

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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 SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.29465500%	0.28852890%	0.28053360%	0.28969410%
District's proportionate share of the net pension liability	\$ 17,629,725	\$ 16,524,585	\$ 16,761,263	\$ 21,202,935
District's covered payroll	\$ 10,178,867	\$ 9,415,074	\$ 9,025,736	\$ 7,829,386
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.20%	175.51%	185.71%	270.81%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.28561610%	0.28305800%	0.28305800%
\$ 16,297,532	\$ 14,325,404	\$ 16,832,551
\$ 8,598,536	\$ 8,225,115	\$ 7,804,321
189.54%	174.17%	215.68%
69.16%	71.70%	65.52%

**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 SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.28122668%	0.26918285%	0.26878668%	0.26604662%
District's proportionate share of the net pension liability	\$ 62,191,590	\$ 59,187,265	\$ 63,850,852	\$ 89,053,823
District's covered payroll	\$ 33,213,071	\$ 31,039,436	\$ 29,973,514	\$ 27,686,014
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.25%	190.68%	213.02%	321.66%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

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

2016	2015	2014
0.26130152%	0.26505768%	0.26505768%
\$ 72,216,097	\$ 64,471,201	\$ 76,797,673
\$ 27,573,121	\$ 27,081,569	\$ 28,403,269
261.91%	238.06%	270.38%
72.10%	74.70%	69.30%

**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,488,792	\$ 1,374,147	\$ 1,271,035	\$ 1,263,603
Contributions in relation to the contractually required contribution	<u>(1,488,792)</u>	<u>(1,374,147)</u>	<u>(1,271,035)</u>	<u>(1,263,603)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,634,229	\$ 10,178,867	\$ 9,415,074	\$ 9,025,736
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,096,114	\$ 1,133,287	\$ 1,140,001	\$ 1,080,118	\$ 1,075,688	\$ 947,903
<u>(1,096,114)</u>	<u>(1,133,287)</u>	<u>(1,140,001)</u>	<u>(1,080,118)</u>	<u>(1,075,688)</u>	<u>(947,903)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,829,386	\$ 8,598,536	\$ 8,225,115	\$ 7,804,321	\$ 7,997,680	\$ 7,540,994
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 4,763,223	\$ 4,649,830	\$ 4,345,521	\$ 4,196,292
Contributions in relation to the contractually required contribution	<u>(4,763,223)</u>	<u>(4,649,830)</u>	<u>(4,345,521)</u>	<u>(4,196,292)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 34,023,021	\$ 33,213,071	\$ 31,039,436	\$ 29,973,514
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 3,876,042	\$ 3,860,237	\$ 3,520,604	\$ 3,692,425	\$ 3,834,433	\$ 3,649,020
<u>(3,876,042)</u>	<u>(3,860,237)</u>	<u>(3,520,604)</u>	<u>(3,692,425)</u>	<u>(3,834,433)</u>	<u>(3,649,020)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 27,686,014	\$ 27,573,121	\$ 27,081,569	\$ 28,403,269	\$ 29,495,638	\$ 28,069,385
14.00%	14.00%	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 FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.30116110%	0.29179020%	0.28385870%	0.29309130%
District's proportionate share of the net OPEB liability	\$ 7,573,568	\$ 8,095,048	\$ 7,618,022	\$ 8,354,186
District's covered payroll	\$ 10,178,867	\$ 9,415,074	\$ 9,025,736	\$ 7,829,386
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.40%	85.98%	84.40%	106.70%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	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/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.28122668%	0.26918285%	0.26878668%	0.26604662%
District's proportionate share of the net OPEB liability/(asset)	\$ (4,657,788)	\$ (4,325,493)	\$ 10,487,064	\$ 14,228,242
District's covered payroll	\$ 33,213,071	\$ 31,039,436	\$ 29,973,514	\$ 27,686,014
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.02%	13.94%	34.99%	51.39%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 196,245	\$ 230,953	\$ 200,616	\$ 150,926
Contributions in relation to the contractually required contribution	<u>(196,245)</u>	<u>(230,953)</u>	<u>(200,616)</u>	<u>(150,926)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,634,229	\$ 10,178,867	\$ 9,415,074	\$ 9,025,736
Contributions as a percentage of covered payroll	1.85%	2.27%	2.13%	1.67%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 146,238	\$ 213,230	\$ 145,848	\$ 125,489	\$ 156,578	\$ 255,642
<u>(146,238)</u>	<u>(213,230)</u>	<u>(145,848)</u>	<u>(125,489)</u>	<u>(156,578)</u>	<u>(255,642)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,829,386	\$ 8,598,536	\$ 8,225,115	\$ 7,804,321	\$ 7,997,680	\$ 7,540,994
1.87%	2.48%	1.77%	1.61%	1.96%	3.39%

**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 34,023,021	\$ 33,213,071	\$ 31,039,436	\$ 29,973,514
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 277,364	\$ 284,033	\$ 294,956	\$ 280,694
-	-	(277,364)	(284,033)	(294,956)	(280,694)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 27,686,014	\$ 27,573,121	\$ 27,081,569	\$ 28,403,269	\$ 29,495,638	\$ 28,069,385
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PENSION

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 changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

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 years 2018-2020.

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. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

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. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

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 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, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously 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. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

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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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Debt Service				
Total Revenues and Other Sources	\$ 4,585,881	\$ 4,585,881	\$ 4,733,658	\$ 147,777
Total Expenditures and Other Uses	<u>4,585,881</u>	<u>4,585,881</u>	<u>4,524,295</u>	<u>61,586</u>
Net Change in Fund Balance	-	-	209,363	209,363
Fund balance at beginning of year	<u>20,224</u>	<u>20,224</u>	<u>20,224</u>	<u>-</u>
Fund balance at end of year	<u>\$ 20,224</u>	<u>\$ 20,224</u>	<u>\$ 229,587</u>	<u>\$ 209,363</u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 5,760,393	\$ -	\$ 5,760,393
Receivables:			
Property taxes	-	1,921,040	1,921,040
Intergovernmental	2,212,203	-	2,212,203
Prepayments.	9,037	-	9,037
Materials and supplies inventory	5,221	-	5,221
Inventory held for resale.	22,992	-	22,992
Total assets.	<u>\$ 8,009,846</u>	<u>\$ 1,921,040</u>	<u>\$ 9,930,886</u>
Liabilities:			
Accounts payable.	\$ 363,608	\$ 126,069	\$ 489,677
Accrued wages and benefits	208,926	-	208,926
Intergovernmental payable	1,973	-	1,973
Pension and postemployment benefits payable.	92,986	-	92,986
Interfund loan payable	253,370	1,502,637	1,756,007
Total liabilities	<u>920,863</u>	<u>1,628,706</u>	<u>2,549,569</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	-	1,719,313	1,719,313
Delinquent property tax revenue not available	-	52,202	52,202
Intergovernmental revenue not available.	1,953,282	-	1,953,282
Total deferred inflows of resources.	<u>1,953,282</u>	<u>1,771,515</u>	<u>3,724,797</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	5,221	-	5,221
Prepays.	9,037	-	9,037
Restricted:			
Classroom facilities maintenance	1,208,104	-	1,208,104
Food service operations	2,859,496	-	2,859,496
Non-public schools	118,957	-	118,957
Special education	593	-	593
Other purposes.	76,125	-	76,125
Extracurricular	375,222	-	375,222
Student success and wellness	638,689	-	638,689
Unassigned (deficit)	<u>(155,743)</u>	<u>(1,479,181)</u>	<u>(1,634,924)</u>
Total fund balances (deficit)	<u>5,135,701</u>	<u>(1,479,181)</u>	<u>3,656,520</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,009,846</u>	<u>\$ 1,921,040</u>	<u>\$ 9,930,886</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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Property taxes	\$ 412,881	\$ 1,061,064	\$ 1,473,945
Earnings on investments	38,799	-	38,799
Charges for services	376,860	-	376,860
Extracurricular	188,568	-	188,568
Contributions and donations	49,215	35,000	84,215
Other local revenues	26,064	-	26,064
Intergovernmental - state	2,441,944	173,794	2,615,738
Intergovernmental - federal	8,481,493	-	8,481,493
Total revenues	<u>12,015,824</u>	<u>1,269,858</u>	<u>13,285,682</u>
Expenditures:			
Current:			
Instruction:			
Regular	385,893	101,752	487,645
Special	3,655,911	-	3,655,911
Support services:			
Pupil	1,180,268	-	1,180,268
Instructional staff	1,034,008	-	1,034,008
Administration	431,128	-	431,128
Fiscal	-	22,326	22,326
Operations and maintenance	519,279	348,581	867,860
Pupil transportation	43,848	378,136	421,984
Operation of non-instructional services:			
Food service operations	2,819,190	-	2,819,190
Other non-instructional services	526,059	-	526,059
Extracurricular activities	208,590	-	208,590
Facilities acquisition and construction	541,877	1,118,010	1,659,887
Debt service:			
Principal retirement	-	1,388,728	1,388,728
Interest and fiscal charges	-	35,388	35,388
Total expenditures	<u>11,346,051</u>	<u>3,392,921</u>	<u>14,738,972</u>
Excess (deficiency) of revenues over (under) expenditures	669,773	(2,123,063)	(1,453,290)
Other financing sources:			
Insurance proceeds	-	1,010,530	1,010,530
Net change in fund balances	669,773	(1,112,533)	(442,760)
Fund balances at			
beginning of year (restated)	4,493,149	(366,648)	4,126,501
Increase in reserve for inventory	(27,221)	-	(27,221)
Fund balances (deficit) at end of year	<u>\$ 5,135,701</u>	<u>\$ (1,479,181)</u>	<u>\$ 3,656,520</u>

**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.

Student Managed Activity

To account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund includes activities which consist of a student body, student president, student treasurer, and faculty advisor.

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.

Special Trust

To account for scholarship programs, not administered through a trust agreement, where the District has administrative involvement in the selection of the scholarship recipient.

Endowment Fund

To account for scholarship programs, not administered through a trust agreement, where money was endowed to the District and where the District has administrative involvement in the selection of the scholarship recipient.

Student Wellness and Success

To account for revenues received from the State to be used for students well being and success, such as providing mental health services for students.

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.

Limited English Proficiency

To account for Federal funds to meet the educational needs of children of limited English proficiency at the preschool, elementary and secondary levels.

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.

Non-Competitive Supplemental

A fund provided to account for revenues received from the federal government to help schools improve teaching and learning of children failing, or most at risk of failing to meet challenging State academic achievement standards.

**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, 2020

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Student Managed Activity</u>	<u>Data Communication</u>
Assets:					
Equity in pooled cash and investments.	\$ 26,359	\$ 321,811	\$ 141,496	\$ 67,637	\$ 1,800
Receivables:					
Intergovernmental	-	-	-	-	-
Prepayments.	-	10	339	-	-
Materials and supplies inventory	-	-	-	-	-
Inventory held for resale.	-	-	-	-	-
Total assets.	<u>\$ 26,359</u>	<u>\$ 321,821</u>	<u>\$ 141,835</u>	<u>\$ 67,637</u>	<u>\$ 1,800</u>
Liabilities:					
Accounts payable.	\$ -	\$ 14,226	\$ 16,476	\$ -	\$ -
Accrued wages and benefits	-	-	3,571	-	-
Intergovernmental payable	-	-	-	-	-
Pension and postemployment benefits payable.	-	-	2,492	-	-
Interfund loan payable	-	-	-	-	-
Total liabilities.	<u>-</u>	<u>14,226</u>	<u>22,539</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Intergovernmental revenue not available.	-	-	-	-	-
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory.	-	-	-	-	-
Prepays.	-	10	339	-	-
Restricted:					
Classroom facilities maintenance	-	-	-	-	-
Food service operations	-	-	-	-	-
Non-public schools	-	-	118,957	-	-
Special education	-	-	-	-	-
Extracurricular.	-	307,585	-	67,637	-
Student success and wellness.	-	-	-	-	-
Other purposes.	26,359	-	-	-	1,800
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>26,359</u>	<u>307,595</u>	<u>119,296</u>	<u>67,637</u>	<u>1,800</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 26,359</u>	<u>\$ 321,821</u>	<u>\$ 141,835</u>	<u>\$ 67,637</u>	<u>\$ 1,800</u>

Special Trust	Endowment Fund	Student Wellness and Success	Miscellaneous State Grants	Title VI-B	Limited English Proficiency	Title I
\$ 31,879	\$ 10,086	\$ 652,776	\$ 15,082	\$ -	\$ 2,383	\$ -
-	-	-	23,585	854,181	-	644,466
-	-	-	53	584	-	4,515
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 31,879</u>	<u>\$ 10,086</u>	<u>\$ 652,776</u>	<u>\$ 38,720</u>	<u>\$ 854,765</u>	<u>\$ 2,383</u>	<u>\$ 648,981</u>
\$ -	\$ -	\$ -	\$ 18,710	\$ 66,436	\$ 1,135	\$ 6,283
-	-	10,596	1,173	5,560	-	28,224
-	-	-	17	4	-	122
-	-	3,491	215	6,050	-	32,130
-	-	-	-	111,559	-	123,118
<u>-</u>	<u>-</u>	<u>14,087</u>	<u>20,115</u>	<u>189,609</u>	<u>1,135</u>	<u>189,877</u>
-	-	-	23,585	742,623	-	521,348
-	-	-	23,585	742,623	-	521,348
-	-	-	-	-	-	-
-	-	-	53	584	-	4,515
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	638,689	-	-	-	-
31,879	10,086	-	-	-	1,248	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,033)</u>	<u>(78,051)</u>	<u>-</u>	<u>(66,759)</u>
<u>31,879</u>	<u>10,086</u>	<u>638,689</u>	<u>(4,980)</u>	<u>(77,467)</u>	<u>1,248</u>	<u>(62,244)</u>
<u>\$ 31,879</u>	<u>\$ 10,086</u>	<u>\$ 652,776</u>	<u>\$ 38,720</u>	<u>\$ 854,765</u>	<u>\$ 2,383</u>	<u>\$ 648,981</u>

- Continued

NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>	<u>Classroom Facilities Maintenance</u>
Assets:					
Equity in pooled cash and investments.	\$ 4,300	\$ -	\$ -	\$ 3,043,180	\$ 1,441,604
Receivables:					
Intergovernmental	14,094	172,696	373,181	-	-
Prepayments.	91	520	702	2,223	-
Materials and supplies inventory	-	-	-	5,221	-
Inventory held for resale.	-	-	-	22,992	-
Total assets.	<u>\$ 18,485</u>	<u>\$ 173,216</u>	<u>\$ 373,883</u>	<u>\$ 3,073,616</u>	<u>\$ 1,441,604</u>
Liabilities:					
Accounts payable.	\$ -	\$ -	\$ 74	\$ 6,768	\$ 233,500
Accrued wages and benefits	2,723	2,723	646	153,710	-
Intergovernmental payable	-	-	-	1,830	-
Pension and postemployment benefits payable.	984	3,178	78	44,368	-
Interfund loan payable	-	13,131	5,562	-	-
Total liabilities.	<u>3,707</u>	<u>19,032</u>	<u>6,360</u>	<u>206,676</u>	<u>233,500</u>
Deferred inflows of resources:					
Intergovernmental revenue not available.	14,094	159,564	362,068	-	-
Total deferred inflows of resources.	<u>14,094</u>	<u>159,564</u>	<u>362,068</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory.	-	-	-	5,221	-
Prepays.	91	520	702	2,223	-
Restricted:					
Classroom facilities maintenance	-	-	-	-	1,208,104
Food service operations	-	-	-	2,859,496	-
Non-public schools	-	-	-	-	-
Special education	593	-	-	-	-
Extracurricular.	-	-	-	-	-
Student success and wellness.	-	-	-	-	-
Other purposes.	-	-	4,753	-	-
Unassigned (deficit)	-	(5,900)	-	-	-
Total fund balances (deficit)	<u>684</u>	<u>(5,380)</u>	<u>5,455</u>	<u>2,866,940</u>	<u>1,208,104</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 18,485</u>	<u>\$ 173,216</u>	<u>\$ 373,883</u>	<u>\$ 3,073,616</u>	<u>\$ 1,441,604</u>

<u>Non-Competitive Supplemental</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	5,760,393
130,000	2,212,203
-	9,037
-	5,221
-	22,992
<u>\$ 130,000</u>	<u>\$ 8,009,846</u>
\$ -	\$ 363,608
-	208,926
-	1,973
-	92,986
-	253,370
<u>-</u>	<u>920,863</u>
130,000	1,953,282
<u>130,000</u>	<u>1,953,282</u>
-	5,221
-	9,037
-	1,208,104
-	2,859,496
-	118,957
-	593
-	375,222
-	638,689
-	76,125
-	(155,743)
<u>-</u>	<u>5,135,701</u>
<u>\$ 130,000</u>	<u>\$ 8,009,846</u>

**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, 2020

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Student Managed Activity</u>	<u>Public School Preschool</u>
Revenues:					
From local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	1,666	-	-
Charges for services	-	-	-	-	-
Extracurricular	-	159,430	-	29,138	-
Contributions and donations	25,867	19,198	-	-	-
Other local revenues	625	18,456	-	782	-
Intergovernmental - state	-	-	563,542	-	220,000
Intergovernmental - federal	-	-	-	-	-
Total revenues	<u>26,492</u>	<u>197,084</u>	<u>565,208</u>	<u>29,920</u>	<u>220,000</u>
Expenditures:					
Current:					
Instruction:					
Regular	19,410	-	-	-	-
Special	-	2,999	-	-	151,092
Support services:					
Pupil	-	-	-	-	-
Instructional staff	-	-	-	-	52,749
Administration	-	-	-	-	16,159
Operations and maintenance	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Operation of non-instructional services:					
Food service operations	-	-	-	-	-
Other non-instructional services	9,937	-	454,348	474	-
Extracurricular activities	-	183,922	-	24,668	-
Facilities acquisition and construction	-	-	-	-	-
Total expenditures	<u>29,347</u>	<u>186,921</u>	<u>454,348</u>	<u>25,142</u>	<u>220,000</u>
Net change in fund balances	(2,855)	10,163	110,860	4,778	-
Fund balances (deficit)					
at beginning of year (restated)	29,214	297,432	8,436	62,859	-
Increase in reserve for inventory	-	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 26,359</u>	<u>\$ 307,595</u>	<u>\$ 119,296</u>	<u>\$ 67,637</u>	<u>\$ -</u>

<u>Data Communications</u>	<u>Special Trust</u>	<u>Endowment Fund</u>	<u>Student Wellness and Success</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Limited English Proficiency</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	26	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,050	-	-	-	-	-
-	-	-	-	-	-	-
1,800	-	-	1,554,100	35,100	-	-
-	-	-	-	-	2,054,304	4,526
<u>1,800</u>	<u>1,076</u>	<u>-</u>	<u>1,554,100</u>	<u>35,100</u>	<u>2,054,304</u>	<u>4,526</u>
-	-	-	-	-	-	3,783
-	-	-	167,422	16,573	1,045,026	-
-	-	-	354,495	-	593,259	-
-	-	-	393,494	33,914	8,007	-
-	-	-	-	6,367	319,068	-
-	-	-	-	-	-	-
-	-	-	-	-	43,848	-
-	-	-	-	-	-	-
-	3,003	-	-	-	30,153	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>3,003</u>	<u>-</u>	<u>915,411</u>	<u>56,854</u>	<u>2,039,361</u>	<u>3,783</u>
1,800	(1,927)	-	638,689	(21,754)	14,943	743
-	33,806	10,086	-	16,774	(92,410)	505
-	-	-	-	-	-	-
<u>\$ 1,800</u>	<u>\$ 31,879</u>	<u>\$ 10,086</u>	<u>\$ 638,689</u>	<u>\$ (4,980)</u>	<u>\$ (77,467)</u>	<u>\$ 1,248</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, 2020

	<u>Title I</u>	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>
Revenues:					
From local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	37,107
Charges for services	-	-	-	-	376,860
Extracurricular	-	-	-	-	-
Contributions and donations	-	-	-	-	3,100
Other local revenues	-	-	-	-	6,201
Intergovernmental - state	-	-	-	-	-
Intergovernmental - federal	2,802,900	69,412	309,666	798,085	2,442,600
Total revenues	<u>2,802,900</u>	<u>69,412</u>	<u>309,666</u>	<u>798,085</u>	<u>2,865,868</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	-	-	362,700	-
Special	2,192,201	56,898	-	23,700	-
Support services:					
Pupil	234	-	-	232,280	-
Instructional staff	256,435	-	228,144	61,265	-
Administration	89,534	-	-	-	-
Operations and maintenance	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Operation of non-instructional services:					
Food service operations	-	-	-	-	2,819,190
Other non-instructional services	8,491	-	15,584	4,069	-
Extracurricular activities	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Total expenditures	<u>2,546,895</u>	<u>56,898</u>	<u>243,728</u>	<u>684,014</u>	<u>2,819,190</u>
Net change in fund balances	256,005	12,514	65,938	114,071	46,678
Fund balances (deficit)					
at beginning of year (restated)	(318,249)	(11,830)	(71,318)	(108,616)	2,847,483
Increase in reserve for inventory	-	-	-	-	(27,221)
Fund balances (deficit) at end of year	<u>\$ (62,244)</u>	<u>\$ 684</u>	<u>\$ (5,380)</u>	<u>\$ 5,455</u>	<u>\$ 2,866,940</u>

<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 412,881	\$ 412,881
-	38,799
-	376,860
-	188,568
-	49,215
-	26,064
67,402	2,441,944
-	8,481,493
<u>480,283</u>	<u>12,015,824</u>
-	385,893
-	3,655,911
-	1,180,268
-	1,034,008
-	431,128
519,279	519,279
-	43,848
-	2,819,190
-	526,059
-	208,590
<u>541,877</u>	<u>541,877</u>
<u>1,061,156</u>	<u>11,346,051</u>
(580,873)	669,773
1,788,977	4,493,149
-	(27,221)
<u>\$ 1,208,104</u>	<u>\$ 5,135,701</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous Grants				
Total Revenues and Other Sources	\$ 40,000	\$ 60,917	\$ 26,492	\$ (34,425)
Total Expenditures and Other Uses	<u>40,944</u>	<u>51,771</u>	<u>33,452</u>	<u>18,319</u>
Net Change in Fund Balance	(944)	9,146	(6,960)	(16,106)
Fund balance at beginning of year	28,770	28,770	28,770	-
Prior year encumbrances appropriated.	<u>444</u>	<u>444</u>	<u>444</u>	<u>-</u>
Fund balance at end of year	<u>\$ 28,270</u>	<u>\$ 38,360</u>	<u>\$ 22,254</u>	<u>\$ (16,106)</u>
District Managed Student Activity				
Total Revenues and Other Sources	\$ 237,600	\$ 261,950	\$ 190,362	\$ (71,588)
Total Expenditures and Other Uses	<u>285,543</u>	<u>314,403</u>	<u>232,333</u>	<u>82,070</u>
Net Change in Fund Balance	(47,943)	(52,453)	(41,971)	10,482
Fund balance at beginning of year	256,285	256,285	256,285	-
Prior year encumbrances appropriated.	<u>32,936</u>	<u>32,936</u>	<u>32,936</u>	<u>-</u>
Fund balance at end of year	<u>\$ 241,278</u>	<u>\$ 236,768</u>	<u>\$ 247,250</u>	<u>\$ 10,482</u>
Auxiliary Services				
Total Revenues and Other Sources	\$ 567,194	\$ 567,194	\$ 565,208	\$ (1,986)
Total Expenditures and Other Uses	<u>604,023</u>	<u>604,023</u>	<u>513,664</u>	<u>90,359</u>
Net Change in Fund Balance	(36,829)	(36,829)	51,544	88,373
Fund balance at beginning of year	35,488	35,488	35,488	-
Prior year encumbrances appropriated.	<u>1,341</u>	<u>1,341</u>	<u>1,341</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,373</u>	<u>\$ 88,373</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Student Managed Activity				
Total Revenues and Other Sources	\$ 39,430	\$ 40,280	\$ 29,920	\$ (10,360)
Total Expenditures and Other Uses	<u>74,393</u>	<u>74,443</u>	<u>37,083</u>	<u>37,360</u>
Net Change in Fund Balances	(34,963)	(34,163)	(7,163)	27,000
Fund balance at beginning of year	55,061	55,061	55,061	-
Prior Year Encumbrances Appropriated	<u>7,798</u>	<u>7,798</u>	<u>7,798</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 27,896</u></u>	<u><u>\$ 28,696</u></u>	<u><u>\$ 55,696</u></u>	<u><u>\$ 27,000</u></u>
Public School Preschool				
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>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Data Communications				
Total Revenues and Other Sources	\$ 21,600	\$ 21,600	\$ 1,800	\$ (19,800)
Total Expenditures and Other Uses	<u>21,600</u>	<u>21,600</u>	<u>-</u>	<u>21,600</u>
Net Change in Fund Balance	-	-	1,800	1,800
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>	<u><u>\$ 1,800</u></u>	<u><u>\$ 1,800</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Special Trust				
Total Revenues and Other Sources	\$ 3,000	\$ 3,000	\$ 1,076	\$ (1,924)
Total Expenditures and Other Uses	<u>10,603</u>	<u>10,603</u>	<u>10,603</u>	<u>-</u>
Net Change in Fund Balances	(7,603)	(7,603)	(9,527)	(1,924)
Fund balance at beginning of year	33,506	33,506	33,506	-
Prior Year Encumbrances Appropriated	<u>300</u>	<u>300</u>	<u>300</u>	<u>-</u>
Fund balance at end of year	<u>\$ 26,203</u>	<u>\$ 26,203</u>	<u>\$ 24,279</u>	<u>\$ (1,924)</u>
Endowment Fund				
Total Revenues and Other Sources	\$ 175	\$ 175	\$ -	\$ (175)
Total Expenditures and Other Uses	<u>175</u>	<u>175</u>	<u>-</u>	<u>175</u>
Net Change in Fund Balances	-	-	-	-
Fund balance at beginning of year	<u>10,086</u>	<u>10,086</u>	<u>10,086</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,086</u>	<u>\$ 10,086</u>	<u>\$ 10,086</u>	<u>\$ -</u>
Student Wellness and Success				
Total Revenues and Other Sources	\$ -	\$ 1,553,875	\$ 1,554,100	\$ 225
Total Expenditures and Other Uses	<u>-</u>	<u>1,553,875</u>	<u>901,324</u>	<u>652,551</u>
Net Change in Fund Balances	-	-	652,776	652,776
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>\$ 652,776</u>	<u>\$ 652,776</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous State Grants				
Total Revenues and Other Sources	\$ 63,260	\$ 63,260	\$ 35,100	\$ (28,160)
Total Expenditures and Other Uses	<u>84,274</u>	<u>84,274</u>	<u>64,095</u>	<u>20,179</u>
Net Change in Fund Balance	(21,014)	(21,014)	(28,995)	(7,981)
Fund balance at beginning of year	5,200	5,200	5,200	-
Prior year encumbrances appropriated	<u>15,814</u>	<u>15,814</u>	<u>15,814</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,981)</u>	<u>\$ (7,981)</u>
Title VI-B				
Total Revenues and Other Sources	\$ 3,071,046	\$ 3,069,424	\$ 1,942,746	\$ (1,126,678)
Total Expenditures and Other Uses	<u>3,010,806</u>	<u>3,009,184</u>	<u>2,432,596</u>	<u>576,588</u>
Net Change in Fund Balance	60,240	60,240	(489,850)	(550,090)
Fund balance at beginning of year	(371,531)	(371,531)	(371,531)	-
Prior year encumbrances appropriated	<u>311,291</u>	<u>311,291</u>	<u>311,291</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (550,090)</u>	<u>\$ (550,090)</u>
Limited English Proficiency				
Total Revenues and Other Sources	\$ 3,206	\$ 4,652	\$ 4,526	\$ (126)
Total Expenditures and Other Uses	<u>4,105</u>	<u>5,551</u>	<u>4,619</u>	<u>932</u>
Net Change in Fund Balance	(899)	(899)	(93)	806
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>899</u>	<u>899</u>	<u>899</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 806</u>	<u>\$ 806</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Title I				
Total Revenues and Other Sources	\$ 3,163,842	\$ 3,324,249	\$ 2,679,782	\$ (644,467)
Total Expenditures and Other Uses	<u>3,152,166</u>	<u>3,312,573</u>	<u>2,995,870</u>	<u>316,703</u>
Net Change in Fund Balance	11,676	11,676	(316,088)	(327,764)
Fund balance at beginning of year	(16,291)	(16,291)	(16,291)	-
Prior year encumbrances appropriated.	<u>4,615</u>	<u>4,615</u>	<u>4,615</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (327,764)</u>	<u>\$ (327,764)</u>
EHA Preschool Grant				
Total Revenues and Other Sources	\$ 88,745	\$ 88,717	\$ 69,412	\$ (19,305)
Total Expenditures and Other Uses	<u>88,715</u>	<u>88,687</u>	<u>71,772</u>	<u>16,915</u>
Net Change in Fund Balance	30	30	(2,360)	(2,390)
Fund balance at beginning of year	<u>(30)</u>	<u>(30)</u>	<u>(30)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,390)</u>	<u>\$ (2,390)</u>
Reducing Class Size				
Total Revenues and Other Sources	\$ 454,815	\$ 469,230	\$ 296,534	\$ (172,696)
Total Expenditures and Other Uses	<u>423,222</u>	<u>437,637</u>	<u>280,995</u>	<u>156,642</u>
Net Change in Fund Balance	31,593	31,593	15,539	(16,054)
Fund balance at beginning of year	(53,413)	(53,413)	(53,413)	-
Prior year encumbrances appropriated.	<u>21,820</u>	<u>21,820</u>	<u>21,820</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,054)</u>	<u>\$ (16,054)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous Federal Grants				
Total Revenues and Other Sources	\$ 1,190,202	\$ 1,160,154	\$ 786,972	\$ (373,182)
Total Expenditures and Other Uses	<u>1,106,755</u>	<u>1,076,707</u>	<u>1,049,031</u>	<u>27,676</u>
Net Change in Fund Balance	83,447	83,447	(262,059)	(345,506)
Fund balance at beginning of year	(100,757)	(100,757)	(100,757)	-
Prior year encumbrances appropriated.	<u>17,310</u>	<u>17,310</u>	<u>17,310</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (345,506)</u>	<u>\$ (345,506)</u>
Food Service				
Total Revenues and Other Sources	\$ 3,105,335	\$ 3,326,106	\$ 2,645,792	\$ (680,314)
Total Expenditures and Other Uses	<u>3,380,727</u>	<u>3,380,727</u>	<u>3,032,013</u>	<u>348,714</u>
Net Change in Fund Balance	(275,392)	(54,621)	(386,221)	(331,600)
Fund balance at beginning of year	2,736,991	2,736,991	2,736,991	-
Prior year encumbrances appropriated.	<u>261,664</u>	<u>261,664</u>	<u>261,664</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,723,263</u>	<u>\$ 2,944,034</u>	<u>\$ 2,612,434</u>	<u>\$ (331,600)</u>
Classroom Facilities Maintenance				
Total Revenues and Other Sources	\$ 600,000	\$ 412,881	\$ 480,283	\$ 67,402
Total Expenditures and Other Uses	<u>1,000,065</u>	<u>1,127,554</u>	<u>1,127,554</u>	<u>-</u>
Net Change in Fund Balance	(400,065)	(714,673)	(647,271)	67,402
Fund balance at beginning of year	1,415,420	1,415,420	1,415,420	-
Prior year encumbrances appropriated.	<u>400,065</u>	<u>400,065</u>	<u>400,065</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,415,420</u>	<u>\$ 1,100,812</u>	<u>\$ 1,168,214</u>	<u>\$ 67,402</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Non-Competitive Supplemental				
Total Revenues and Other Sources	\$ -	\$ 130,000	\$ -	\$ (130,000)
Total Expenditures and Other Uses	<u>-</u>	<u>130,000</u>	<u>-</u>	<u>130,000</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>
School Activity Trusts				
Total Revenues and Other Sources	\$ 35,368	\$ 35,368	\$ 34,120	\$ (1,248)
Total Expenditures and Other Uses	<u>142,850</u>	<u>142,850</u>	<u>124,085</u>	<u>18,765</u>
Net Change in Fund Balance	(107,482)	(107,482)	(89,965)	17,517
Fund balance at beginning of year	91,537	91,537	91,537	-
Prior year encumbrances appropriated.	<u>73,777</u>	<u>73,777</u>	<u>73,777</u>	<u>-</u>
Fund balance at end of year	<u>\$ 57,832</u>	<u>\$ 57,832</u>	<u>\$ 75,349</u>	<u>\$ 17,517</u>
Staff Trusts				
Total Revenues and Other Sources	\$ 9,732	\$ 9,732	\$ 9,389	\$ (343)
Total Expenditures and Other Uses	<u>5,173</u>	<u>5,173</u>	<u>5,173</u>	<u>-</u>
Net Change in Fund Balance	4,559	4,559	4,216	(343)
Fund balance at beginning of year	11,828	11,828	11,828	-
Prior year encumbrances appropriated.	<u>2,899</u>	<u>2,899</u>	<u>2,899</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,286</u>	<u>\$ 19,286</u>	<u>\$ 18,943</u>	<u>\$ (343)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Rotary Fund - Special Services				
Total Revenues and Other Sources	\$ 9,000	\$ 9,000	\$ 1,050	\$ (7,950)
Total Expenditures and Other Uses	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Net Change in Fund Balance	-	-	1,050	1,050
Fund balance at beginning of year	<u>10,234</u>	<u>10,234</u>	<u>10,234</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,234</u>	<u>\$ 10,234</u>	<u>\$ 11,284</u>	<u>\$ 1,050</u>
Rotary Fund				
Total Revenues and Other Sources	\$ 4,000	\$ 4,000	\$ 3,430	\$ (570)
Total Expenditures and Other Uses	<u>4,000</u>	<u>4,000</u>	<u>2,000</u>	<u>2,000</u>
Net Change in Fund Balance	-	-	1,430	1,430
Fund balance at beginning of year	<u>8,660</u>	<u>8,660</u>	<u>8,660</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,660</u>	<u>\$ 8,660</u>	<u>\$ 10,090</u>	<u>\$ 1,430</u>
Public School Support				
Total Revenues and Other Sources	\$ 91,750	\$ 96,900	\$ 74,127	\$ (22,773)
Total Expenditures and Other Uses	<u>129,566</u>	<u>129,566</u>	<u>90,975</u>	<u>38,591</u>
Net Change in Fund Balance	(37,816)	(32,666)	(16,848)	15,818
Fund balance at beginning of year	118,935	112,469	118,935	(231,404)
Prior year encumbrances appropriated.	<u>8,166</u>	<u>8,166</u>	<u>8,166</u>	<u>-</u>
Fund balance at end of year	<u>\$ 89,285</u>	<u>\$ 87,969</u>	<u>\$ 110,253</u>	<u>\$ (215,586)</u>

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

FUND DESCRIPTIONS

Nonmajor Capital Projects Fund

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.

**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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Permanent Improvement				
Total Revenues and Other Sources	\$ 4,482,469	\$ 4,828,536	\$ 4,221,085	\$ (607,451)
Total Expenditures and Other Uses	<u>3,798,358</u>	<u>4,618,358</u>	<u>4,605,235</u>	<u>13,123</u>
Net Change in Fund Balance	684,111	210,178	(384,150)	(594,328)
Fund balance at beginning of year	(215,889)	(215,889)	(215,889)	-
Prior year encumbrances appropriated.	<u>215,889</u>	<u>215,889</u>	<u>215,889</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 684,111</u>	<u>\$ 210,178</u>	<u>\$ (384,150)</u>	<u>\$ (594,328)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Employee Benefits Self-Insurance				
Total Operating and Non-operating Revenues . . .	\$ 11,605,000	\$ 11,605,000	\$ 11,922,158	\$ 317,158
Total Operating and Non-operating Expenses . . .	<u>11,605,000</u>	<u>12,060,163</u>	<u>12,060,164</u>	<u>(1)</u>
Net change in fund equity	-	(455,163)	(138,006)	317,157
Fund equity at beginning of year.	4,045,246	4,045,246	4,045,246	-
Prior year encumbrances appropriated. . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity at end of year	<u>\$ 4,045,246</u>	<u>\$ 3,590,083</u>	<u>\$ 3,907,240</u>	<u>\$ 317,157</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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	142-155
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	156-161
Debt Capacity 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.	162-165
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	166-167
Operating Information 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.	168-179

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

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019 (4)</u>	<u>2018</u>	<u>2017 (2)</u>
Governmental activities				
Net investment in capital assets	\$ 89,197,522	\$ 88,396,281	\$ 85,310,047	\$ 85,515,706
Invested in capital assets, net of related debt	-	-	-	-
Restricted	7,252,514	5,123,792	8,272,223	8,694,181
Unrestricted (deficit)	<u>(33,227,437)</u>	<u>(29,259,526)</u>	<u>(43,209,142)</u>	<u>(82,678,310)</u>
Total governmental activities net position	<u>\$ 63,222,599</u>	<u>\$ 64,260,547</u>	<u>\$ 50,373,128</u>	<u>\$ 11,531,577</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.

(3) The District implemented GASB Statement No. 68 in 2016.

Amounts for 2015 have been restated to reflect the implementation of this statement.

(4) The District implemented GASB Statement No. 84 in 2020.

Amounts for 2019 have been restated to reflect the implementation of this statement.

Source: School District financial records.

2016	2015 (3)	2014	2013	2012 (1)	2011
\$ 84,802,559	\$ 89,306,195	\$ 89,834,198	\$ 87,567,379	\$ 81,178,055	\$ -
-	-	-	-	-	61,549,043
11,693,660	10,338,400	10,295,131	13,354,997	19,658,990	43,863,448
(61,813,654)	(70,450,227)	11,672,708	10,090,041	8,012,611	6,694,686
<u>\$ 34,682,565</u>	<u>\$ 29,194,368</u>	<u>\$ 111,802,037</u>	<u>\$ 111,012,417</u>	<u>\$ 108,849,656</u>	<u>\$ 112,107,177</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 41,333,875	\$ 35,153,977	\$ 21,433,067	\$ 37,735,297
Special	18,114,502	14,109,189	8,746,410	15,014,909
Vocational	350,396	326,222	234,237	369,372
Other instructional	244,144	156,753	74,319	153,373
Support services:				
Pupil	5,475,988	4,946,968	2,699,314	4,539,392
Instructional staff	3,700,193	3,160,083	1,911,702	3,674,400
Board of education	160,036	195,240	180,770	150,549
Administration	5,256,579	4,373,035	1,650,210	4,281,207
Fiscal	1,602,781	1,363,855	1,004,123	1,372,452
Business	662,469	524,775	322,180	630,260
Operations and maintenance	8,113,087	6,947,510	4,947,884	7,176,597
Pupil transportation	4,533,278	4,624,303	2,620,951	3,615,232
Central	924,097	558,210	437,122	537,799
Operation of non-instructional services:				
Food service operations	3,172,208	2,742,860	2,217,708	2,938,568
Other non-instructional services	634,636	1,247,063	609,437	2,470,071
Extracurricular activities	1,667,245	1,117,658	620,541	1,256,345
Interest and fiscal charges	1,707,831	1,718,585	1,802,473	1,900,549
Total governmental activities expenses	<u>97,653,345</u>	<u>83,266,286</u>	<u>51,512,448</u>	<u>87,816,372</u>

2016	2015	2014	2013	2012	2011
\$ 35,039,883	\$ 33,574,541	\$ 34,785,398	\$ 33,001,079	\$ 33,765,227	\$ 31,997,731
12,202,659	11,175,826	11,011,351	9,533,160	8,440,344	8,121,944
337,294	392,481	405,009	370,850	414,361	446,067
232,702	211,952	264,203	263,687	272,675	646,105
4,037,014	3,662,387	3,860,974	3,694,655	3,583,008	3,448,955
3,026,969	2,866,379	2,903,788	3,974,951	4,423,319	4,353,286
259,894	150,058	163,268	130,169	200,947	241,079
3,953,871	3,665,474	3,771,253	3,627,531	3,595,887	3,618,373
1,475,422	1,316,322	1,346,565	1,283,969	1,196,301	1,174,507
500,683	461,300	574,959	450,361	657,712	671,255
7,243,616	6,701,896	6,447,978	6,094,397	6,342,432	6,080,462
3,232,114	3,103,190	2,976,377	2,439,472	2,934,032	2,381,970
538,794	511,210	402,627	1,055,945	878,151	827,465
2,590,338	2,395,676	2,281,336	2,385,819	2,646,025	2,242,916
670,056	847,440	540,290	775,455	626,023	700,135
1,096,845	1,138,134	843,918	639,287	1,027,671	969,125
2,075,843	2,358,614	2,646,583	2,718,848	2,660,397	2,945,887
<u>78,513,997</u>	<u>74,532,880</u>	<u>75,225,877</u>	<u>72,439,635</u>	<u>73,664,512</u>	<u>70,867,262</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 1,758,790	\$ 1,840,113	\$ 1,355,447	\$ 1,047,952
Special	156,378	116,150	140,532	67,249
Support services:				
Board of education	-	-	-	-
Operations and maintenance	108,117	110,351	105,752	109,750
Pupil transportation	12,873	17,728	18,876	24,623
Operation of non-instructional services:				
Food service operations	376,860	460,367	462,168	542,784
Other non-instructional services	79,620	63,513	64,700	62,319
Extracurricular activities	185,461	176,716	172,378	166,301
Operating grants and contributions:				
Instruction:				
Regular	726,349	596,369	640,572	404,649
Special	10,356,604	8,460,689	8,623,850	8,832,513
Vocational	90,697	90,697	75,659	75,377
Other instructional	-	-	-	-
Support services:				
Pupil	1,720,343	770,592	280,356	280,315
Instructional staff	1,520,192	1,056,598	1,024,943	1,209,845
Administration	543,841	302,777	258,784	269,129
Fiscal	-	-	7,364	7,639
Operations and maintenance	67,981	180,724	123,259	112,259
Pupil transportation	532,367	429,377	467,131	388,981
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	2,489,008	2,721,304	2,791,046	2,414,080
Other non-instructional services	663,283	757,714	724,136	723,077
Extracurricular activities	37,817	51,899	53,844	49,606
Capital grants and contributions:				
Support services:				
Operations and maintenance	-	-	-	-
Central	-	-	-	-
Extracurricular activities	35,000	-	-	-
Total governmental program revenues	<u>21,461,581</u>	<u>18,203,678</u>	<u>17,390,797</u>	<u>16,788,448</u>
Net (Expense)/Revenue				
Governmental activities	<u>(76,191,764)</u>	<u>(65,062,608)</u>	<u>(34,121,651)</u>	<u>(71,027,924)</u>

	2016	2015	2014	2013	2012	2011
\$	765,956	\$ 759,762	\$ 720,191	\$ 776,913	\$ 689,402	\$ 708,165
	123,414	166,875	175,956	180,189	119,276	105,510
	-	-	-	-	-	-
	114,297	111,221	84,034	12,218	631	22,290
	117,754	105,598	102,525	94,812	108,658	100,681
	573,261	437,690	459,673	517,229	538,131	570,499
	44,163	48,670	50,791	36,846	40,641	17,996
	150,993	148,999	141,829	145,627	287,852	431,914
	510,119	203,894	321,031	446,406	585,961	3,776,904
	7,903,952	7,928,058	7,222,647	4,754,225	5,025,868	5,311,051
	65,170	27,992	28,462	74,615	66,976	66,976
	-	-	-	-	3,498	575,963
	208,408	127,199	215,583	209,378	265,827	342,198
	1,138,034	1,263,858	995,815	2,334,546	2,162,364	2,157,337
	314,439	104,156	153,788	126,027	140,189	253,444
	7,500	6,100	7,756	7,756	7,756	10,700
	134,569	92,510	31,119	119,047	134,547	127,496
	415,828	353,892	295,828	432,112	279,518	226,099
	-	-	-	19,800	19,800	26,996
	2,138,339	1,943,880	1,886,745	1,945,837	1,882,114	1,794,940
	715,556	654,718	628,125	640,036	596,853	592,192
	35,173	32,526	29,498	59,442	13,231	-
	-	-	-	-	-	142,790
	-	-	-	405,000	-	-
	-	-	-	-	-	-
	<u>15,476,925</u>	<u>14,517,598</u>	<u>13,551,396</u>	<u>13,338,061</u>	<u>12,969,093</u>	<u>17,362,141</u>
	<u>(63,037,072)</u>	<u>(60,015,282)</u>	<u>(61,674,481)</u>	<u>(59,101,574)</u>	<u>(60,695,419)</u>	<u>(53,505,121)</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Position	2020	2019	2018	2017
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 21,300,057	\$ 20,622,930	\$ 20,005,333	\$ 19,201,896
Debt service	4,227,788	3,412,525	2,944,801	3,833,655
Capital outlay	1,060,566	1,011,279	974,468	931,011
Facilities maintenance	412,881	412,881	412,881	412,881
School district income taxes	9,107,699	9,873,513	9,478,714	8,870,372
Payment in lieu of taxes	100,672	202,392	213,593	307,928
Grants and entitlements not restricted to specific programs	36,650,466	37,764,786	36,990,552	36,105,065
Gain on sale of building and land	-	-	-	-
Investment earnings	881,837	1,054,048	523,415	263,738
Gain on sale of capital assets	-	-	74,784	-
Insurance proceeds	1,010,530	-	1,000,000	-
Miscellaneous	401,320	327,382	344,661	381,892
Special Item:				
Newark Digital Academy accounts transfer	-	4,153,087	-	-
Extraordinary Item:				
Decrease in scope of work for OSFC	-	-	-	-
Total governmental activities	<u>75,153,816</u>	<u>78,834,823</u>	<u>72,963,202</u>	<u>70,308,438</u>
 Total primary government	 <u>75,153,816</u>	 <u>78,834,823</u>	 <u>72,963,202</u>	 <u>70,308,438</u>
 Change in Net Position				
Governmental activities	<u>\$ (1,037,948)</u>	<u>\$ 13,772,215</u>	<u>\$ 38,841,551</u>	<u>\$ (719,486)</u>

Source: School District financial records.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 19,434,839	\$ 19,580,708	\$ 19,646,227	\$ 19,435,032	\$ 18,780,403	\$ 17,543,757
4,331,366	3,982,733	3,634,892	3,521,282	4,016,127	3,841,620
960,058	964,252	963,608	943,709	874,230	825,914
412,881	412,881	412,881	412,881	412,881	412,881
8,745,391	8,447,025	8,251,484	8,119,680	7,817,597	7,774,670
107,329	216,287	11,103	8,504	8,109	7,884
34,014,142	32,076,321	29,074,075	28,256,565	27,367,109	26,576,387
-	-	-	56,789	-	818,010
111,006	55,049	37,478	48,591	64,799	93,035
-	-	-	-	-	-
-	-	-	-	-	-
408,257	641,976	432,353	461,302	690,646	383,565
-	-	-	-	-	-
-	-	-	-	(2,180,642)	-
<u>68,525,269</u>	<u>66,377,232</u>	<u>62,464,101</u>	<u>61,264,335</u>	<u>57,851,259</u>	<u>58,277,723</u>
<u>68,525,269</u>	<u>66,377,232</u>	<u>62,464,101</u>	<u>61,264,335</u>	<u>57,851,259</u>	<u>58,277,723</u>
<u>\$ 5,488,197</u>	<u>\$ 6,361,950</u>	<u>\$ 789,620</u>	<u>\$ 2,162,761</u>	<u>\$ (2,844,160)</u>	<u>\$ 4,772,602</u>

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

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019 (1)</u>	<u>2018</u>	<u>2017</u>
General Fund:				
Nonspendable	\$ 211,935	\$ 216,196	\$ 219,705	\$ 200,754
Committed	-	-	-	889,729
Assigned	6,034,450	1,658,385	2,552,697	967,189
Unassigned	<u>36,948,402</u>	<u>38,863,546</u>	<u>30,637,459</u>	<u>25,911,744</u>
Total general fund	<u>\$ 43,194,787</u>	<u>\$ 40,738,127</u>	<u>\$ 33,409,861</u>	<u>\$ 27,969,416</u>
All Other Governmental Funds:				
Nonspendable	\$ 14,258	\$ 14,542	\$ 16,819	\$ 14,551
Restricted	5,946,172	5,446,515	7,929,056	8,601,863
Unassigned (deficit)	<u>(1,634,924)</u>	<u>(976,796)</u>	<u>(799,287)</u>	<u>(211,761)</u>
Total all other governmental funds	<u>\$ 4,325,506</u>	<u>\$ 4,484,261</u>	<u>\$ 7,146,588</u>	<u>\$ 8,404,653</u>

(1) The District implemented GASB Statement No. 84 in 2020.

Amounts for 2019 have been restated to reflect the implementation of this statement.

Source: School District financial records.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 79,861	\$ 78,073	\$ 74,875	\$ 69,412	\$ 74,510	\$ 56,208
889,729	889,729	889,729	689,729	953,261	953,261
2,054,393	4,937,642	2,708,548	1,607,892	3,199,984	1,997,793
<u>20,452,402</u>	<u>13,498,927</u>	<u>11,801,805</u>	<u>12,006,734</u>	<u>8,611,963</u>	<u>7,939,360</u>
<u>\$ 23,476,385</u>	<u>\$ 19,404,371</u>	<u>\$ 15,474,957</u>	<u>\$ 14,373,767</u>	<u>\$ 12,839,718</u>	<u>\$ 10,946,622</u>
\$ 5,546	\$ 9,274	\$ 47,267	\$ 40,317	\$ 40,915	\$ 26,689
10,788,025	9,511,461	9,779,886	11,030,073	19,294,885	31,769,445
<u>(188,342)</u>	<u>(496,512)</u>	<u>(369,896)</u>	<u>(390,307)</u>	<u>(449,378)</u>	<u>(445,718)</u>
<u>\$ 10,605,229</u>	<u>\$ 9,024,223</u>	<u>\$ 9,457,257</u>	<u>\$ 10,680,083</u>	<u>\$ 18,886,422</u>	<u>\$ 31,350,416</u>

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

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues				
From local sources:				
Taxes and payments in lieu of taxes	\$ 36,448,306	\$ 35,528,496	\$ 34,277,320	\$ 34,276,376
Tuition	1,820,113	1,812,353	1,231,263	799,207
Transportation fees	12,873	17,728	18,949	24,550
Charges for services	376,860	460,367	462,168	542,784
Earnings on investments	917,163	1,082,782	517,992	271,043
Extracurricular	202,551	196,179	197,340	181,788
Classroom materials and fees	92,497	125,328	138,904	123,060
Rental income, contributions and donations, contract services and other local revenues	726,978	773,154	831,662	1,071,804
Intergovernmental - state	44,954,786	44,495,554	43,887,174	43,004,055
Intergovernmental - federal	9,010,692	8,922,037	7,429,890	7,792,420
Total revenues	<u>94,562,819</u>	<u>93,413,978</u>	<u>88,992,662</u>	<u>88,087,087</u>
Expenditures				
Current:				
Instruction:				
Regular	36,271,622	35,292,707	34,582,118	33,914,883
Special	17,017,090	15,706,598	15,087,315	14,526,157
Vocational	189,092	196,545	189,953	208,428
Other	214,352	187,508	174,544	166,388
Support services:				
Pupil	5,089,319	5,286,741	4,526,415	4,305,825
Instructional staff	3,293,430	3,509,136	3,085,990	3,390,875
Board of education	157,957	196,971	189,012	149,365
Administration	4,650,238	4,457,099	3,971,152	4,033,561
Fiscal	1,522,586	1,454,125	1,384,312	1,378,473
Business	610,876	584,235	610,620	600,326
Operations and maintenance	7,242,030	7,351,948	6,670,483	6,441,782
Pupil transportation	3,794,598	5,446,277	4,125,899	3,554,821
Central	894,311	589,230	551,240	528,126
Operation of non-instructional services:				
Food service operations	2,819,190	2,725,020	2,803,855	2,689,528
Other non-instructional services	617,645	1,281,123	749,729	2,654,023
Extracurricular activities	1,158,564	1,124,513	1,122,283	1,059,073
Facilities acquisitions and construction	1,659,887	1,270,614	1,332,003	1,360,303
Capital outlay	-	894,950	-	-
Debt service:				
Principal retirement	4,098,972	3,343,533	2,552,363	2,996,878
Interest and fiscal charges	1,946,464	1,705,131	2,179,201	1,836,659
Bond issue costs	-	-	-	-
Total expenditures	<u>93,248,223</u>	<u>92,604,004</u>	<u>85,888,487</u>	<u>85,795,474</u>
Excess (deficiency) of revenues over (under) expenditures	1,314,596	809,974	3,104,175	2,291,613

	2016	2015	2014	2013	2012	2011
\$	34,331,474	\$ 33,599,404	\$ 32,822,596	\$ 32,497,842	\$ 31,545,654	\$ 29,758,224
	715,571	751,183	711,432	788,387	647,337	655,273
	117,754	105,598	102,525	94,812	108,658	102,270
	573,261	441,786	464,574	522,869	538,131	570,499
	113,338	56,110	37,743	50,873	66,212	94,901
	178,393	195,530	186,521	167,759	292,542	400,659
	131,553	121,403	129,646	129,328	138,162	141,145
	785,628	922,730	726,912	1,137,074	907,077	838,295
	39,641,914	37,413,388	34,348,632	34,186,510	42,244,746	57,690,931
	7,434,565	7,123,440	6,554,319	6,941,413	8,289,390	10,809,399
	<u>84,023,451</u>	<u>80,730,572</u>	<u>76,084,900</u>	<u>76,516,867</u>	<u>84,777,909</u>	<u>101,061,596</u>
	32,792,831	32,536,337	32,219,790	31,221,725	31,743,954	32,472,318
	12,331,857	11,720,826	11,013,686	9,558,244	8,398,638	8,247,873
	189,787	276,845	255,081	264,377	315,940	437,997
	234,913	228,104	265,161	260,394	257,184	651,737
	4,013,386	3,719,856	3,780,884	3,611,968	3,492,303	3,440,477
	2,925,740	2,842,134	2,746,522	3,860,664	4,289,985	4,441,022
	260,100	150,430	163,268	130,169	200,947	241,079
	3,906,213	3,823,224	3,697,181	3,556,450	3,500,955	3,589,025
	1,478,900	1,343,235	1,344,376	1,283,155	1,199,870	1,164,936
	518,884	474,504	569,533	450,846	590,576	598,524
	6,881,027	6,728,725	6,593,304	5,989,433	6,050,191	6,100,182
	3,283,030	3,277,007	2,944,998	2,699,744	2,711,740	2,360,184
	537,230	522,941	396,894	1,055,074	870,123	802,343
	2,415,481	2,207,019	2,087,522	2,211,304	2,482,293	2,188,137
	673,773	856,472	533,221	767,454	612,583	687,230
	955,881	995,828	702,956	427,811	855,537	848,253
	2,093,329	574,873	2,208,994	10,866,526	23,652,230	27,166,008
	252,284	-	-	-	-	-
	2,599,105	2,647,146	2,422,425	2,336,866	2,286,202	1,980,000
	1,778,440	2,285,831	2,386,382	2,775,471	2,651,892	2,910,597
	326,815	-	288,471	-	150,358	-
	<u>80,449,006</u>	<u>77,211,337</u>	<u>76,620,649</u>	<u>83,327,675</u>	<u>96,313,501</u>	<u>100,327,922</u>
	3,574,445	3,519,235	(535,749)	(6,810,808)	(11,535,592)	733,674

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

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (Continued)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ 155,163
Transfers (out)	-	-	-	(155,163)
Sale of capital assets	-	-	74,784	-
Insurance proceeds	1,010,530	42,500	1,000,000	-
Capital lease transaction	-	894,950	-	-
Refunding bond issued	-	-	-	-
Premium on bonds issuance	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance of notes/bonds	-	-	-	-
Total other financing sources (uses)	<u>1,010,530</u>	<u>937,450</u>	<u>1,074,784</u>	<u>-</u>
Special Item:				
Newark Digital Academy account transfer	-	2,768,670	-	-
Net change in fund balances	<u>\$ 2,325,126</u>	<u>\$ 4,516,094</u>	<u>\$ 4,178,959</u>	<u>\$ 2,291,613</u>
Debt service principal and interest as a percentage of noncapital expenditures	6.56%	5.58%	5.60%	5.72%

Source: School District financial records.

2016	2015	2014	2013	2012	2011
\$ -	\$ -	\$ -	\$ 2,221,799	\$ 151,606	\$ 78,975
-	-	-	(2,221,799)	(151,606)	(78,975)
-	4,278	112,826	135,899	185,867	885,419
-	-	-	-	-	-
252,284	-	-	-	812,035	-
26,935,000	-	18,161,627	-	-	-
2,022,194	-	1,822,842	-	1,452,977	-
(28,630,379)	-	(19,688,517)	-	(10,041,982)	-
1,500,000	-	-	-	8,545,000	-
<u>2,079,099</u>	<u>4,278</u>	<u>408,778</u>	<u>135,899</u>	<u>953,897</u>	<u>885,419</u>
-	-	-	-	-	-
<u>\$ 5,653,544</u>	<u>\$ 3,523,513</u>	<u>\$ (126,971)</u>	<u>\$ (6,674,909)</u>	<u>\$ (10,581,695)</u>	<u>\$ 1,619,093</u>
5.61%	6.47%	6.51%	7.02%	6.73%	6.67%

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

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Collection Year	Real Property (a)		Public Utility (b)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2020	\$ 811,503,418	\$ 2,318,581,194	\$ 42,993,230	\$ 122,837,800
2019	804,545,444	2,298,701,269	40,524,110	115,783,171
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

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) Assumes public utilities are assessed at true value which is 35%.

		Total		
Total Direct Tax Rate	Assessed Value	Estimated Actual Value	%	
\$ 42.90	\$ 854,496,648	\$ 2,441,418,994	35.00%	
42.90	845,069,554	2,414,484,440	35.00%	
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%	

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

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS**

Tax Year/ Collection Year	Overlapping Rates		Direct Rates				Licking County Joint Vocational School	
	County	City	Voted			Unvoted		Total
			General	Bond	Permanent Improvement			
2019/2020	9.50	3.70	30.50	5.40	2.90	4.10	42.90	2.55
2018/2019	9.50	3.70	30.50	5.40	2.90	4.10	42.90	2.55
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

Source: Licking County Auditor's Office

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

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

December 31, 2019			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Ohio Power	\$ 28,145,180	1	3.33%
MIMG XXIII McMillen Woods LLC	6,779,690	2	0.80%
AEP Ohio Transmission	5,711,110	3	0.68%
Kroger Co	5,068,090	4	0.60%
Columbia Gas of Ohio	4,760,040	5	0.56%
Licking Memorial Health Foundation	4,349,940	6	0.51%
75 McMillen Holdings LLC	3,500,010	7	0.41%
Cole DC Newark Ohio LLC	3,428,150	8	0.41%
National Gas & Oil	3,282,910	9	0.39%
Southgate Company	2,952,180	10	0.35%
Total	\$ 67,977,300		\$ 845,069,554

December 31, 2010			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Ohio Power	\$ 23,867,540	1	2.98%
MIMG XXIII McMillen Woods LLC	4,641,470	2	0.58%
Sharonbrooke Inn Limited	2,846,870	3	0.35%
Owens Corning Fiberglas	2,545,320	4	0.32%
Meijer Stores Limited Partnership	2,271,220	5	0.28%
Ohio II TIC EtA1	2,268,420	6	0.28%
Newark Ambulatory Surgery Center	2,207,100	7	0.28%
State Farm Mutual Auto Insurance	2,197,730	8	0.27%
Health Care Property Investors Inc.	2,150,900	9	0.27%
L&C Lighting Group Inc.	1,787,700	10	0.22%
Total	\$ 46,784,270		\$ 802,182,880

Source: Licking County Auditor's Office

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

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2019/2020	\$ 29,516,365	\$ 2,096,264	\$ 31,612,629	\$ 28,799,845	97.57%
2018/2019	28,157,966	1,523,064	29,681,030	27,494,119	97.64%
2017/2018	27,337,831	1,478,703	28,816,534	26,693,320	97.64%
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%

Note: "Delinquent Levy" indicates the portion collected that was delinquent.

Source: Licking County Auditor's Office

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
\$ 763,348	\$ 29,563,193	93.52%
795,825	28,289,944	95.31%
772,646	27,465,966	95.31%
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%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			(a) Total Primary Government	(b) Per Capita	(b) Per ADM	(b) Percentage Personal Income
	General Obligation Bonds	Tax Anticipation Notes	Capital Leases				
2020	\$ 45,970,068	\$ -	\$ 352,618	\$ 46,322,686	921	7,040	4.14%
2019	48,953,927	1,200,000	688,728	50,842,655	1,016	7,910	4.46%
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%

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**

Fiscal Year	General Obligation Bonds (1)	Net Position Restricted for Debt Service (2)	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2020	\$ 45,970,068	\$ (258,252)	\$ 45,711,816	1.87%	\$ 909
2019	48,953,927	-	48,953,927	2.03%	979
2018	51,951,416	(658,336)	51,293,080	2.12%	1,006
2017	54,872,993	(1,539,363)	53,333,630	2.41%	1,085
2016	57,950,708	(2,101,564)	55,849,144	2.54%	1,174
2015	60,522,496	(1,770,261)	58,752,235	2.58%	1,235
2014	63,254,966	(2,132,581)	61,122,385	2.64%	1,285
2013	63,775,727	(2,524,112)	61,251,615	2.68%	1,288
2012	66,038,816	(3,326,062)	62,712,754	2.75%	1,318
2011	66,851,911	(3,589,200)	63,262,711	2.76%	1,330

(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.

(2) Amounts and calculations have been updated for 2018-2010 to reflect the net position restricted for debt service.

Source: School District financial records

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020

<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	\$ 46,322,686	100.00%	\$ 46,322,686
Overlapping debt:			
City of Newark	32,555,000	92.58%	30,139,419
Licking County	32,687,785	18.61%	6,083,197
Licking County Joint Vocational School	12,555,000	17.84%	2,239,812
Total overlapping debt	<u>77,797,785</u>		<u>38,462,428</u>
 Total direct and overlapping debt	 <u>\$ 124,120,471</u>		 <u>\$ 84,785,114</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

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit (1)	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2020	\$ 76,904,698	\$ 42,414,788	\$ 668,986	\$ 41,745,802	\$ 35,158,896	54.28%
2019	76,056,260	44,977,650	357,760	44,619,890	31,436,370	58.67%
2018	76,057,318	47,807,650	658,336	47,149,314	28,908,004	61.99%
2017	69,669,540	50,161,627	1,539,363	48,622,264	21,047,276	69.79%
2016	69,280,867	53,111,627	2,101,564	51,010,063	18,270,804	73.63%
2015	71,772,782	56,921,627	1,770,261	55,151,366	16,621,416	76.84%
2014	72,801,124	59,526,627	2,132,581	57,394,046	15,407,078	78.84%
2013	71,899,484	61,710,000	2,524,112	59,185,888	12,713,596	82.32%
2012	71,864,202	63,810,000	3,326,062	60,483,938	11,380,264	84.16%
2011	72,196,459	65,799,998	3,589,200	62,210,798	9,985,661	86.17%

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.

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>
2020	50,315	\$ 22,226	\$1,118,301,190	38.0	6,580	7.4%	10.9%	8.4%
2019	50,029	22,764	1,138,860,156	37.2	6,428	4.2%	4.0%	3.7%
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%

(1) U. S. Census Bureau information for the City of Newark
2017-2019 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.

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

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>December 31, 2019</u>			
<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>	<u>Rank</u>
Licking Memorial Hospital	Health Care	2,102	1
Licking County Government	Government	1,882	2
State Farm Insurance Company	Insurance	1,190	3
Newark City Schools	Education	916	4
Anomatic Corp.	Metal Finishers	915	5
OSU-N/COTC	Education	805	6
Park National Bank Corporation	Banking/Finance	575	7
Owens Corning, Inc.	Fiberglass Insulation	550	8
Kroger	Grocery Retail	499	9
Newark City Government	Government	394	10
Total		<u>9,828</u>	
Total Employment within the City (1)		<u>N/A</u>	

<u>December 31, 2010</u>			
<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>	<u>Rank</u>
Licking County Memorial Hospital	Health Care	1,130	1
Licking County Government	Government	1,125	2
State Farm Insurance Company	Insurance	1,104	3
Anomatic Corp.	Metal Finishers	963	4
Newark City Schools	Education	936	5
OSU-N/COTC	Education	900	6
Walmart	Grocery Retail	715	7
Meijer, Inc.	Grocery Retail	701	8
Owens Corning, Inc.	Fiberglass Insulation	560	9
Longaberger, Inc.	Decorative Basket Manufacturer	475	10
Total		<u>8,609</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**

Type	2020	2019	2018	2017
Official - administrative	35.0	32.0	26.0	26.0
Professional - educational	485.4	487.0	459.0	443.9
Professional - other	20.0	20.2	19.5	19.0
Technical	48.2	44.1	51.7	42.5
Office - clerical	73.9	73.8	65.4	61.7
Craft & trade	9.0	11.0	10.0	11.0
Operative	43.3	45.2	40.0	32.6
Service worker/laborer	134.4	134.3	126.5	111.7
Total	849.2	847.6	798.1	748.4

Function	2020	2019	2018	2017
Instruction:				
Regular	339.0	299.9	317.1	309.5
Special	168.4	153.0	167.2	155.7
Vocational	2.0	3.0	2.0	2.0
Other	1.0	2.0	2.0	2.0
Support Services:				
Pupil	46.8	47.0	45.2	39.4
Instructional staff	41.3	94.0	31.0	33.6
Administration	53.0	54.9	45.4	43.5
Fiscal	8.0	6.0	8.0	7.0
Business	6.0	4.9	8.0	6.0
Operations and maintenance	87.0	64.3	70.1	61.6
Pupil transportation	53.6	73.8	61.6	51.2
Central	3.0	3.0	2.0	2.0
Other non-instructional services:				
Food service operations	29.6	36.8	36.2	32.9
Other non-instructional	10.5	5.0	2.3	2.0
Extracurricular activities	0.0	0.0	0.0	0.0
Total Governmental Activities	849.2	847.6	798.1	748.4

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.

2016	2015	2014 (1)	2013	2012	2011
25.9	24.0	28.6	27.6	26.0	29.0
433.5	432.1	431.5	425.2	425.6	430.5
20.1	18.0	26.7	26.7	27.7	27.8
42.9	42.9	40.5	41.4	42.9	32.4
62.3	59.4	58.9	60.3	54.3	61.9
9.0	9.0	9.0	9.3	8.3	9.3
31.0	29.2	29.8	26.8	23.2	24.5
108.6	101.0	103.7	99.2	100.6	104.0
733.3	715.6	728.5	716.5	708.6	719.4

2016	2015	2014 (1)	2013	2012	2011
306.1	309.1	315.8	307.2	316.8	315.4
151.7	141.5	147.3	95.8	94.9	94.3
2.0	3.0	3.0	4.0	3.5	5.6
2.5	2.5	3.0	3.0	3.0	2.5
42.2	37.8	42.1	43.3	44.4	47.2
27.8	29.8	34.4	71.3	72.5	74.6
42.7	37.7	41.6	42.4	39.0	42.7
8.0	8.0	7.0	8.0	7.0	7.0
5.0	5.0	5.0	6.0	5.0	5.5
59.4	59.3	58.0	60.0	54.5	54.4
47.8	43.3	34.6	35.9	31.9	32.1
1.9	2.0	2.0	3.0	2.0	2.0
34.2	30.2	26.6	30.9	28.8	30.6
2.0	4.4	6.1	3.7	3.3	3.6
0.0	2.0	2.0	2.0	2.0	2.0
733.3	715.6	728.5	716.5	708.6	719.4

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

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2020	2019	2018	2017
Instruction:				
Regular and Special				
Enrollment (students)	6580*	6,428	6,253	6,127
Graduates	428	478	339	308
Support services:				
Board of education				
Regular meetings per year	12	12	12	12
Special meetings per year	12	12	12	12
Administration				
Student attendance rate	93.27%	92.10%	93.20%	94.00%
Fiscal				
Nonpayroll checks				
issued	2,713	2,896	2,635	2,601
Operations and maintenance				
Square footage				
maintained	1,003,383	1,003,383	993,282	993,282
Pupil transportation				
Avg. students transported				
daily	2,763	2,937	2,215	2,412
Food service operations				
Lunches served to students	468,472	610,371	572,210	569,849

(1) Information not currently available.

Source: School District records

*District enrollment included enrolled students at Headstart (185) and Ctec (102), who are educated outside of the NCS buildings.

2016	2015	2014	2013	2012	2011
6,256 209	6,291 300	6,531 308	6,433 266	6,380 323	6,035 316
12 5	12 7	12 6	12 4	11 11	11 12
94.50%	94.20%	94.60%	94.60%	94.70%	94.80%
2,617	2,479	2,554	2,896	3,050	3,384
993,282	993,282	993,282	967,081	876,945	842,928
2,222	2,235	2,393	2,359	2,424	1,851
585,710	586,399	590,987	633,868	668,161	658,822

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

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 2,234,512	\$ 2,090,712	\$ 1,970,712	\$ 1,970,712
Land improvements	971,029	620,317	669,740	689,207
Buildings and improvements	128,053,547	131,710,625	130,893,157	132,358,997
Furniture, fixtures and equipment	559,683	638,518	737,222	834,302
Vehicles	1,630,472	1,558,445	1,519,179	1,517,578
Construction in progress	-	-	1,366,752	2,281,317
 Total Governmental Activities Capital Assets, net	 <u>\$ 133,449,243</u>	 <u>\$ 136,618,617</u>	 <u>\$ 137,156,762</u>	 <u>\$ 139,652,113</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2016	2015	2014	2013	2012	2011
\$ 1,970,712	\$ 1,592,635	\$ 1,592,635	\$ 1,599,684	\$ 1,617,250	\$ 1,672,643
694,228	730,592	449,426	458,575	136,686	148,742
135,656,952	138,958,985	142,202,567	138,758,171	52,900,901	54,649,612
932,492	729,922	704,736	755,154	835,305	921,553
1,505,857	1,534,832	1,439,343	1,484,290	1,171,338	1,339,398
1,426,964	48,623	78,536	4,550,028	82,461,358	59,873,113
<u>\$ 142,187,205</u>	<u>\$ 143,595,589</u>	<u>\$ 146,467,243</u>	<u>\$ 147,605,902</u>	<u>\$ 139,122,838</u>	<u>\$ 118,605,061</u>

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	Tickmark	2020	2019	2018	2017
Ben Franklin Elementary (1954)					
Square feet		44,982	44,982	44,982	44,982
Capacity (students)		350	350	350	350
Enrollment		308	324	327	370
Carson Elementary (2008)	(5)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		456	425	463	456
Cherry Valley Elementary (2008)	(1)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		472	462	488	463
Hillview Elementary (2008)	(5)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		474	462	467	458
John Clem Elementary (1958)	(7)				
Square feet		62,169	62,169	62,169	62,169
Capacity (students)		528	528	528	528
Enrollment		424	439	504	487
Legend Elementary (2007)	(2)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		526	496	548	555
McGuffey Elementary (1958)	(6)				
Square feet		62,367	62,367	62,367	62,367
Capacity (students)		472	472	472	472
Enrollment		455	491	502	514
Heritage Middle School (2011)	(3),(8)				
Square feet		72,905	72,905	72,905	72,905
Capacity (students)		500	500	500	500
Enrollment		506	514	530	482
Liberty Middle School (2008)	(5)				
Square feet		69,922	69,922	69,922	69,922
Capacity (students)		450	450	450	450
Enrollment		521	490	458	458
Wilson Middle School (1929)					
Square feet		67,950	67,950	67,950	67,950
Capacity (students)		450	450	450	450
Enrollment		383	394	407	388
Newark Digital Academy	(4)				
Square feet		10,101	10,101	-	-
Capacity (students)		-	-	-	-
Enrollment		366	347	-	-
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		1,402	1,365	1,382	1,496

2016	2015	2014	2013	2012	2011
44,982	44,982	44,982	44,982	44,982	44,982
350	350	350	350	350	350
415	446	451	424	366	391
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
502	475	493	507	552	487
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
470	468	479	462	492	499
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
458	488	463	472	502	449
62,169	62,169	62,169	62,169	62,169	28,152
528	528	528	528	528	225
499	452	514	579	547	505
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
554	567	543	556	585	544
62,367	62,367	62,367	62,367	32,562	32,562
472	472	472	472	260	260
525	519	507	497	517	467
72,905	72,905	72,905	72,905	72,905	72,905
500	500	500	500	500	500
501	527	528	510	472	436
69,922	69,922	69,922	69,922	69,922	69,922
450	450	450	450	450	450
476	493	497	476	484	482
67,950	67,950	67,950	67,950	67,950	67,950
450	450	450	450	450	450
438	414	444	436	442	421
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
302,094	302,094	302,094	302,094	241,763	241,763
1,523	1,523	1,523	1,523	1,447	1,447
1,418	1,442	1,612	1,514	1,421	1,572

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS - (Continued)**

	<u>Tickmark</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Administrative Service Center Square feet	(10)	45,201	45,201	45,201	45,201
Transportation and warehouse Square feet		25,628	25,628	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 2016-2009, 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) Newark Digital Academy building was acquired in fiscal year 2019.
- (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.

2016	2015	2014	2013	2012	2011
45,201	45,201	45,201	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		
2020	\$ 87,202,787	\$ 13,253	\$ 95,945,514	\$ 14,581	6,580	2.36 %
2019	87,555,340	13,621	81,547,701	12,686	6,428	2.80 %
2018	81,156,923	12,979	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) %

Source: School District financial records

(1) Information not currently available.

(2) Debt Service totals have been excluded.

Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
485	13.56	93.27%
487	13.20	92.10%
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%

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OHIO AUDITOR OF STATE KEITH FABER



NEWARK CITY SCHOOL DISTRICT

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/5/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov