



Newark City Schools

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING JUNE 30, 2018



NEWARK CITY SCHOOLS • NEWARK, OHIO

NEWARK CITY SCHOOL DISTRICT

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 NEWARK, OHIO 43055 www.newarkcityschools.org

December 9, 2018

TO THE CITIZENS OF THE NEWARK CITY SCHOOLS,

We are pleased to present the Newark City School District's Popular Financial Report (PAFR) for the year ending June 30, 2018. Newark Schools are very fortunate to be part of a community that significantly values education and the betterment of our children and their future. This report makes our District's finances easier to understand, and communicates our financial situation in an open and accountable manner.

The PAFR summarizes the financial activities and operating results reported in the Newark City School District's audited Comprehensive Annual Financial Report (CAFR). The PAFR is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principle) basis, which primarily deals with full disclosure and segregated funds. The statements presented on page 3 and the pie charts on page 4 consist of the General Fund of the District. General Fund is the largest fund from which most day-to-day programs and services are provided. For more detailed financial information, including a discussion of key changes in financial data from last fiscal year, our economic condition and outlook, initiatives and accomplishments, please refer to a copy of the Comprehensive Annual Financial Report, which is available at www.newarkcityschools.org.

The Newark City School District is proud of this report and the support offered by the Board of Education in its creation. Ultimately, we would like to thank our citizens for their encouragement in creating a report designed to more adequately address their needs as taxpayers, as well as for the opportunity to serve them. Questions, comments and feedback regarding this report are encouraged, so please do not hesitate to contact the Treasurer's office at (740) 670-7010 or at jvalladares@laca.org.

Respectfully submitted,

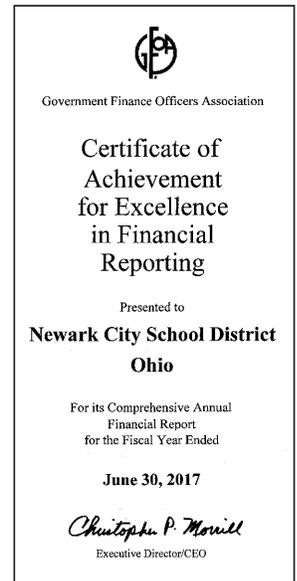


Julio Valladares
Treasurer

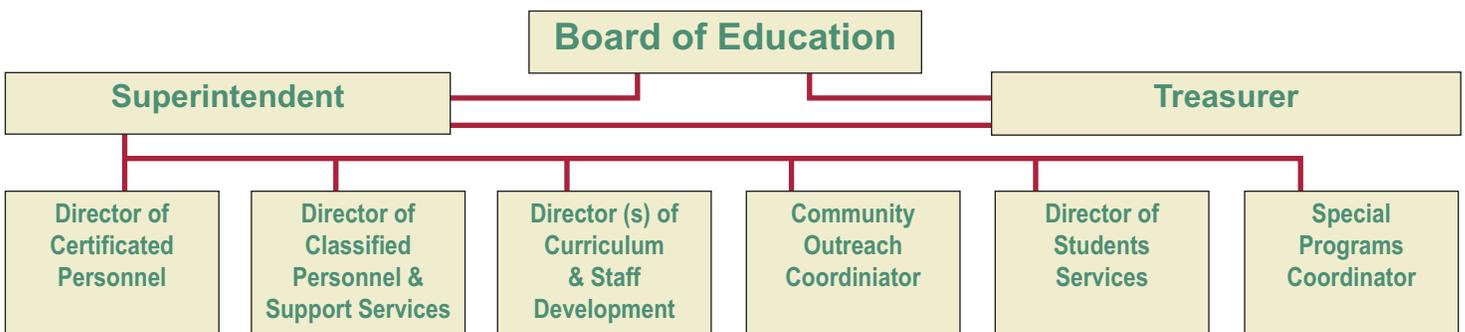
AWARD FOR OUTSTANDING ACHIEVEMENT POPULAR ANNUAL FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Newark City Schools for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.



NEWARK CITY SCHOOLS: ADMINISTRATIVE STRUCTURE AS OF JUNE 30, 2018



SUMMARIZED FINANCIAL REPORTS

Readers of the Financial Activity Statement and Financial Position Statement should keep in mind that the numbers in both reports are taken from the District's Comprehensive Annual Financial Report (CAFR), but are presented in a non-GAAP format. The Comprehensive Annual Financial Report can be obtained from the Treasurer's office or www.newarkcityschools.org.

BENEFITS OVER DETRIMENTS

The Financial Position Statement, known in accounting terms as the balance sheet, reports the benefits (assets) available to provide services. Detriments (liabilities) are the amounts for which the District is obligated to pay in the future. The amount below represents the difference between the benefits of the District and the detriments which it must pay. The amount provides the net worth of the District.

Financial Benefits <small>(shown in millions)</small>	FY'18	FY'17	FY'16	FY'15	Financial Detriments <small>(shown in millions)</small>	FY'18	FY'17	FY'16	FY'15
Cash and Investments	\$34.53	\$28.60	\$25.25	\$21.38	Amount Owed to Employees and Vendors	\$6.34	\$6.51	\$6.50	\$6.22
Receivables	\$25.94	\$25.86	\$25.26	\$25.76	Other Liabilities	\$20.93	\$20.18	\$20.62	\$21.60
Other Assets	\$0.22	\$0.20	\$0.08	\$0.08	Total Financial Detriments	\$27.27	\$26.69	\$27.12	\$27.81
Total Financial Benefits	\$60.68	\$54.66	\$50.60	\$47.22					
					Benefits over Detriments	\$33.41	\$27.97	\$23.48	\$19.40

REVENUES AND RESOURCES OVER EXPENDITURES AND SERVICES

The Financial Activity Statement, known in accounting terms as the income statement, provides a summary of the resources (revenues) and services (expenditures) of the District.

Resources Taken In <small>(shown in thousands)</small>	FY'18	FY'17	FY'16	FY'15
Taxes	\$29,835	\$28,894	\$28,576	\$28,242
State and Federal Revenue	\$42,267	\$41,132	\$38,642	\$36,182
Investment Income	\$495	\$259	\$106	\$52
Tuition	\$1,231	\$799	\$716	\$751
Extracurricular	\$23	\$15	\$9	\$16
Miscellaneous	\$891	\$952	\$940	\$1,095
TOTAL Revenues & Resources	\$73,743	\$72,052	\$68,989	\$66,342

Services Provided <small>(shown in thousands)</small>	FY'18	FY'17	FY'16	FY'15
Instruction *	\$46,131	\$44,811	\$42,495	\$40,986
Pupil Support	\$4,262	\$4,019	\$3,834	\$3,581
Instructional Support **	\$2,014	\$2,089	\$1,873	\$1,726
Administration/Fiscal	\$5,213	\$5,190	\$5,309	\$5,100
Business Support	\$611	\$600	\$519	\$475
Plant Operation	\$6,184	\$6,088	\$6,485	\$6,191
Transportation	\$3,303	\$3,262	\$2,987	\$2,902
Central	\$636	\$595	\$601	\$574
Capital Quality	\$-	-	\$252	-
Debt	\$56	\$56	\$46	\$49
Extracurricular	\$893	\$848	\$768	\$832
TOTAL Expenditures & Service	\$69,303	\$67,559	\$65,169	\$62,417
Revenues & Resources Over Expenditures & Services	\$5,440	\$4,493	\$3,820	\$3,925

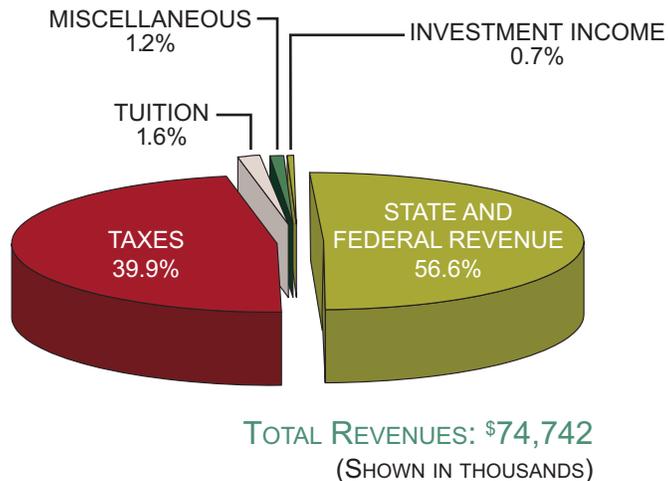
* Includes expenditures for teachers, teaching supplies and teaching equipment.

** Includes expenditures that help teachers such as library expenditures, literacy coordinators, mentor teachers and funds for teacher development.

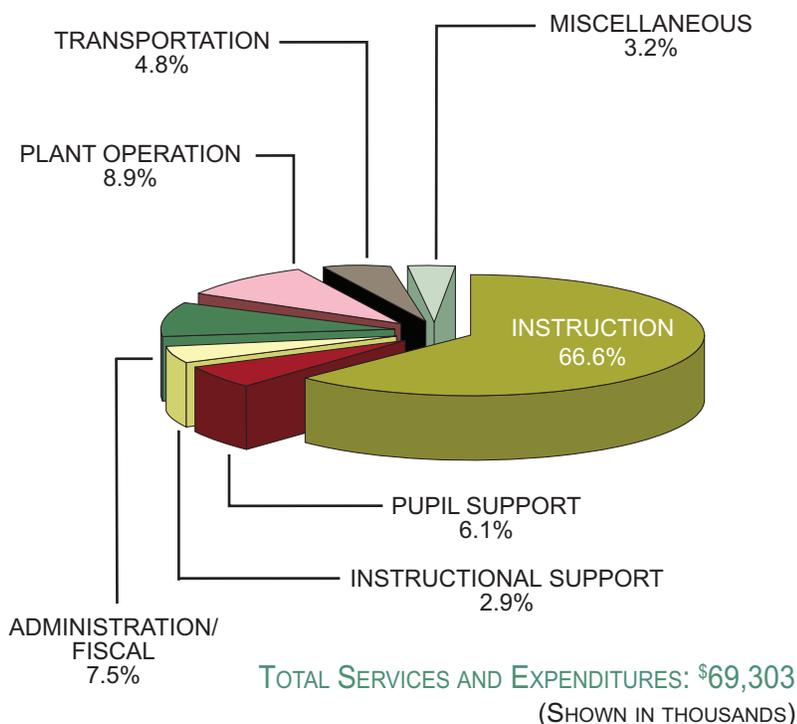
Capital outlay increased as the District entered into a capital lease obligation for copier equipment in fiscal year 2016. Capital outlay is reported for the present value of the future lease payments in the year of inception. No capital lease obligations were entered into during fiscal years 2015, 2014, or 2013.

Debt expenditures decreased between fiscal year 2014 and 2015 as the District made the final debt payments on a capital lease obligation for computer equipment in fiscal year 2014.

OUR REVENUES AND RESOURCES FY18: WHERE THE GENERAL FUND MONEY COMES FROM



OUR EXPENDITURES AND SERVICES FY18: WHERE THE MONEY GOES



OUR EXPENDITURES AND SERVICES: DEFINITIONS

INSTRUCTION is the largest expenditure category and relates to the direct instruction of our students. Students are directly impacted by expenditures from this category.

PLANT OPERATION expenditures relate to the safe and efficient environment of the school including building maintenance, grounds and custodial services.

TRANSPORTATION expenditures relate to providing transportation (mostly by bus) to all students who live in the Newark City School District consistent with Board of Education policies and the laws of the State of Ohio. On average the bus fleet transports approximately 2,083 students to Newark City Schools, 77 students to non-public schools and 62 students to community schools.

BOARD/ADMINISTRATION/FISCAL costs represent those of the administration and Board of Education's operation of the District. Also included in this category are school building secretarial support, financial services, such as payroll, accounts payable and receivable, auditing, budgeting and reporting, and fringe benefits administration.

BUSINESS SUPPORT costs include business services such as risk management, construction management, central warehousing, courier services, and copy expenditures.

PUPIL SUPPORT areas comprise all guidance services, speech, hearing, occupational therapy, physical therapy, and psychological services.

INSTRUCTIONAL STAFF SUPPORT costs include library services, mentor teacher program, technology integration support, and literacy collaborative support.

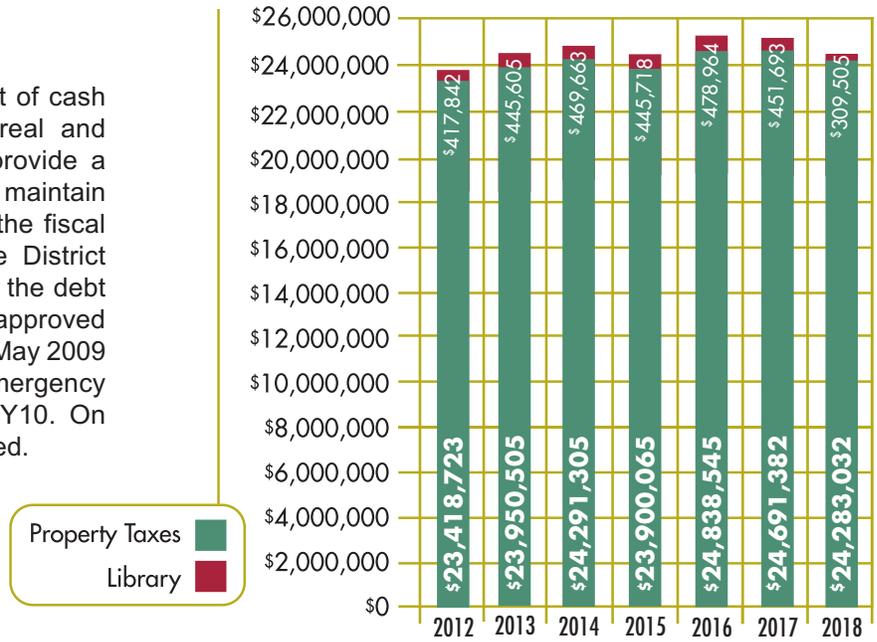
CENTRAL SUPPORT expenditures include community relations and technology maintenance staff, computer network maintenance contracts, district wide postage costs, and strategic planning type activities.

EXTRACURRICULAR expenditures account for the salaries and benefits of club advisors and athletic coaches.

SOURCES OF FUNDING: WHERE DOES THE MONEY COME FROM?

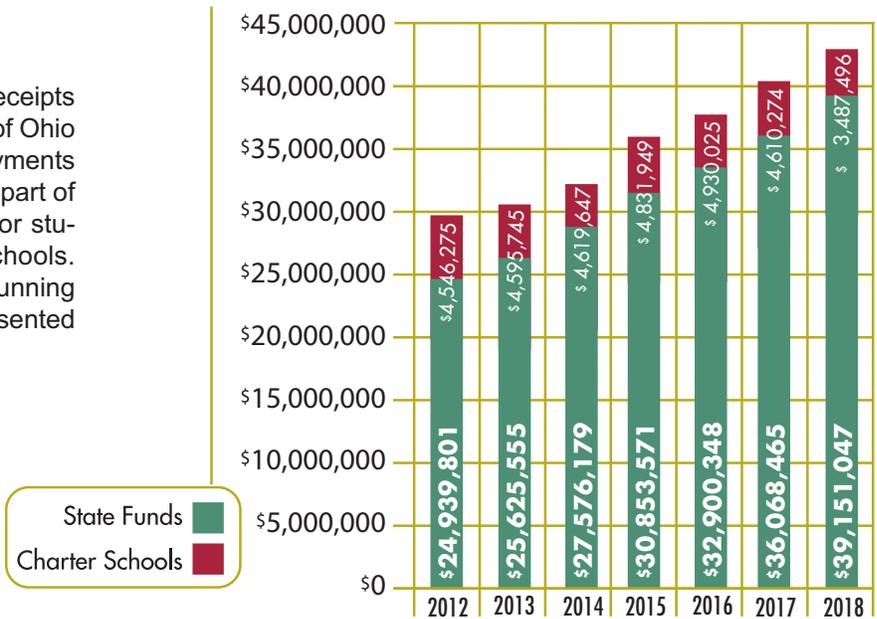
PROPERTY TAXES

To the right is a graph depicting the amount of cash collections received by the District from real and personal property taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. The School District by law is the fiscal agent for the Newark Public Library. The District collects the property taxes necessary to pay the debt issued to construct the new library. Voters approved this issue at the November 1997 election. In May 2009 the district passed a 7.5 mill five year emergency levy. Only half of this levy was collected in FY10. On May 8, 2018 this emergency levy was renewed.



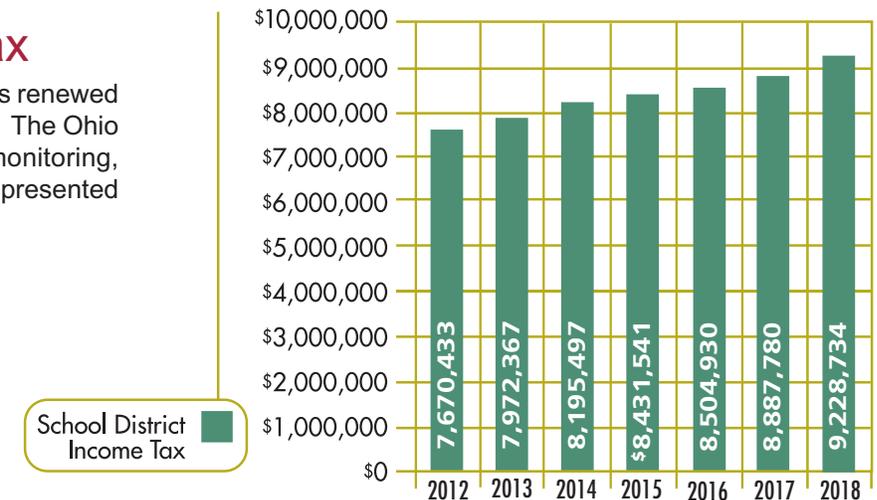
STATE FUNDING

The chart to the right depicts the actual cash receipts for the District's General Fund from the State of Ohio and the revenues deducted from our state payments and sent to charter schools. The state sends part of our state revenue to charter schools to pay for students from our district attending charter schools. Monies received from the state are critical in running a fiscally solvent school district. Years are presented on a June 30 Fiscal year-end basis.



School District Income Tax

In May 2007, May 2011 and March 2016 voters renewed a 1 percent income tax effective for five years. The Ohio Department of Taxation administers the monitoring, auditing and collecting of this tax. Years are presented on a June 30 fiscal year-end basis.



ASSESSED VALUES OF REAL AND TANGIBLE PERSONAL PROPERTY

* Tangible Personal has been phased out.

Collection Year	Residential/ Agricultural	Commercial/ Industrial	Public Utility	Tangible Personal	Total
2018	\$600,207,480	\$205,842,298	\$39,031,530	\$0	\$845,081,308
2017	\$545,137,180	\$195,120,383	\$33,848,440	\$0*	\$774,106,003
2016	\$544,397,510	\$190,781,080	\$34,608,820	\$0*	\$769,787,410
2015	\$548,884,865	\$215,109,405	\$33,481,090	\$0*	\$797,475,360
2014	\$564,164,560	\$211,818,810	\$32,917,890	\$0*	\$808,901,260
2013	\$563,381,600	\$204,551,500	\$30,947,940	\$0*	\$798,881,040
2012	\$564,708,030	\$204,621,910	\$29,161,190	\$0*	\$798,491,130
2011	\$579,518,300	\$194,816,770	\$27,847,810	\$0*	\$802,182,880

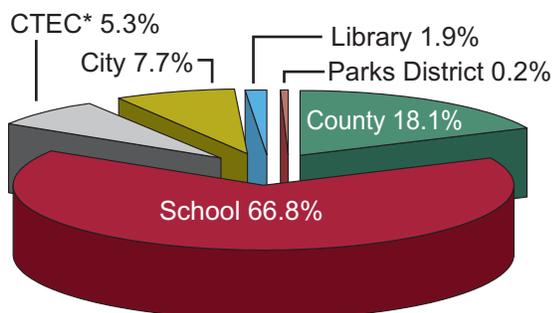
UNBUNDLING THE TAX RATE

Type	Gross Rate	Effective Rate	Year Approved	Length Approved
Inside-Operating*	4.10	4.10*	N/A	Permanent
Voted-Operating*	23.40	16.90*	Various	Permanent
Emergency Op.	7.10	7.10	2013	5 years
Permanent Improvement	2.90	1.74	2005	Permanent
Library Bond	0.30	0.30	1997	25 years
Building Bond	3.00	3.00	2004	28 years
TOTAL RATES	40.48	32.14	—	—

* Rates are for the 2015 tax year collected in the year 2016.

WHERE DOES A DOLLAR OF YOUR REAL ESTATE TAX MONEY GO?

Shown to the right are the 2018 collection year amounts that would be charged to the owner of a \$100,000 home in the largest tax district of the district. The graph represents the percentage of each dollar going to each entity. The total of \$1,496.97 is the annual amount the owner of a \$100,000 home would pay in taxes.



Annual Cost	
School	\$999.62
County	\$271.49
City	\$115.07
CTEC*	\$79.31
Licking County Library	\$28.01
Licking Park District	\$3.47
TOTAL	\$1,496.97

OUTSTANDING DEBT AT YEAR END — ALL FUNDS

The chart below captures the District's long-term debt obligations. As fiscal agent for the Newark Public Library, the District passed an .81 mill tax levy in FY98 for facility improvements to the public library. During fiscal year 2006, the District refunded a portion of the library bonds for \$295,270 in tax savings. In 2004, the District passed a 5.9 mill tax levy for \$70 million of debt for the District's share of the Ohio Schools Facilities Commission \$131.5 million project. The debt was issued in two installments: \$50 million and \$20 million. During FY12, the District refunded a portion of the \$50 million for \$557,144 in tax savings.

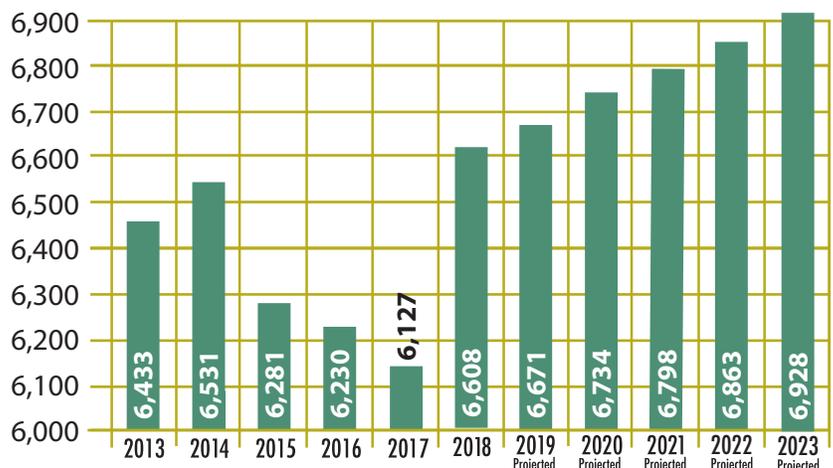
During FY 2014 the District had two bank qualified issues of "General Obligation Refunding Bonds." The delivery date of the first one was 12/30/2013 for \$9,996,354.50. The second issue was delivered on 4/09/2014 for \$9,988,113.80. The retired bonds from this issue were from the General Obligation Bond Series 2005, 2005A.

During FY2016 the District refunded the 2006 Library Facility Bonds Refunded, the 2005 School Improvement Bonds, and the 2005A School Improvement Bonds. All of the initial construction bonds have been refunded at least once or twice to obtain the best possible interest rate for the District's long term financing. No refunding or new issues are planned in the next fiscal year.

Outstanding Debt	FY'18	FY'17	FY'16	FY'15
General Obligation Bonds				
2006 Library Facility Bond Refunded		-	-	\$3,550,000
2005 School Improvement Bonds		-	-	\$23,050,000
2005A School Improvement Bonds		-	-	\$3,995,000
2012 School Improvement Refunding Bonds	\$8,545,000	\$8,545,000	\$8,545,000	\$8,545,000
2013 School Improvement Refunding Bonds	\$7,522,862	\$8,756,839	\$8,881,839	\$9,006,839
2014 School Improvement Refunding Bonds	\$8,619,788	\$8,684,788	\$8,749,788	\$8,814,788
2016 Refunding of Series 2005 Bonds	\$18,710,000	\$18,710,000	\$20,380,000	-
2016 Refunding of Series 2005A Bonds	\$2,125,000	\$2,750,000	\$3,390,000	-
2016 Refunding of Library Refunding Bonds	\$2,285,000	\$2,715,000	\$3,165,000	-
Tax Anticipation Notes				
White Field Project	\$1,350,000	\$1,500,000	\$1,500,000	-
Total Outstanding	\$49,157,650	\$51,661,627	\$54,611,627	\$56,921,627

ENROLLMENT — CURRENT TREND AND MOST LIKELY PROJECTION

Enrollment in the district has been trending fairly flat over the last decade. Some years slightly up then it drops back down. The data provided are projections only not predictions.



Mission statement

The mission of Newark City Schools is to ensure a quality education for all students to become productive citizens in a global society.

Vision statement

To accomplish the mission of Newark City Schools, we will provide superior resources, rigorous and relevant programs, a safe and secure learning environment, and a highly skilled and caring staff in partnership with students, parents, and community members.

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