



PAFR

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

**ncs**

**NEWARK
CITY SCHOOLS**



NEWARK CITY SCHOOL DISTRICT

621 Mount Vernon Rd. Newark, OH, 43055

p. 740.670.7000

newarkcityschools.org



Newark City School District Board of Education

Front Row (left to right): Timothy Carr (Board President) and Warren Weber

Back Row (left to right): Michael Blowers, Mark Christenberry, and Thomas Bline (Board Vice-President)



A Letter From Our Treasurer/ CFO

Dear Community Members,

As Treasurer/CFO of Newark City Schools, I am pleased to present the 2022 Popular Annual Financial Report (PAFR) to our community. The purpose of this report is to provide a brief summary of the District's revenues and expenditures, as well as other relevant financial trends. This report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and readers should refer to the District's Annual Comprehensive Financial Report (ACFR) for an in-depth look at the District's finances in accordance with GAAP. The 2021–2022 ACFR can be found on the Treasurer's page of the District's website at www.newarkcityschools.org.

As a means of increasing public awareness, this report provides a clear and thorough overview of the District's finances through an easy-to-read, user-friendly format. The reader should obtain a better understanding of the financial operations for the District and how the District performed financially during the 2021–2022 fiscal year.

The District has prepared this report because we believe our taxpayers have the right to know how their tax dollars are being spent. Through this PAFR, the District's taxpayers are offered yet another means of gaining a clear and accurate picture of the District's finances. We appreciate your continued support of the District and trust that you find this report very informative.

Any comments or questions regarding this report are welcome. Please call **740.670.7010** or email jvalladares@newarkcityschools.org with any questions or comments you may have.

Respectfully submitted,

Julio Valladares | Treasurer/CFO

SUMMARIZED FINANCIAL REPORTS

Numbers in the Financial Position Statement and Financial Activity Statement are taken from the District's Annual Comprehensive Financial Report (ACFR), and are presented in a GAAP format. In addition, this PAFR focuses on the District's General Fund, the operating fund of the District. The ACFR can be obtained from the Treasurer's Office or at www.newarkcityschools.org.

ASSETS OVER LIABILITIES AND DEFERRED INFLOWS

The Financial Position Statement, known in accounting terms as the balance sheet, reports the assets available to provide services along with the liabilities (amounts for which the District is obligated to pay in the future) and deferred inflows (primarily assets that do not finance the current fiscal year). The excess of assets over liabilities and deferred inflows provides the net position, or net worth, of the District. The amounts reported below are for the District's General Fund.

ASSETS <i>(shown in thousands)</i>	2022	2021	2020	2019
Cash and Investments	\$50,002	\$44,017	\$43,957	\$41,591
Receivables	\$30,099	\$22,575	\$27,814	\$27,029
Other Assets	\$2,140	\$933	\$212	\$216
Total Assets	\$82,241	\$67,525	\$71,983	\$68,836

LIABILITIES AND DEFERRED INFLOWS <i>(shown in thousands)</i>	2022	2021	2020	2019
Amount owed to Employees and Vendors	\$8,344	\$8,094	\$7,604	\$7,046
Deferred Inflows	\$24,776	\$14,153	\$21,184	\$21,052
Total Liabilities and Deferred Inflows	\$33,120	\$22,247	\$28,788	\$28,098
Assets Over Liabilities and Deferred Inflows	\$49,121	\$45,278	\$43,195	\$40,738

Cash and investments of the General Fund increased from fiscal year 2021 due to a conservative approach on spending by the District in order to stretch resources along with an increase in tax revenues. The amounts owed to employees and vendors increased compared to prior year due primarily to an increase in the cost of doing business. The District recognized future inflows of resources of revenue from the building the District leases to Central Ohio Technical College leading to an increase in deferred inflows.



OUR DISBURSEMENTS AND SERVICES DEFINITIONS

INSTRUCTION are those activities directly dealing with the teaching of pupils or the interaction between teacher and pupil. This includes aides or classroom assistants of any type, who assist in the instructional process. Technology used by the students is also included here.

PUPIL SUPPORT are those activities designed to assess and improve the well-being of pupils and to supplement the teaching process. This includes guidance services, health services, psychological services and support services for students with disabilities.

INSTRUCTIONAL STAFF SUPPORT are those activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.

BOARD/ADMINISTRATION/FISCAL are those activities concerned with establishing and administrating policy in connection with operating the school district and activities associated with the district and building leadership. This function includes budgeting, receiving and disbursing, financial accounting, payroll, inventory control, auditing and fiscal services rendered by persons in the Treasurer's Office.

BUSINESS SUPPORT are those activities concerned with purchasing, receiving, transporting, exchanging and maintaining goods and services for the school district.

OPERATIONS AND MAINTENANCE are those activities concerned with keeping the physical plant open, comfortable and safe for use and keeping the grounds, buildings, and equipment in an effective working condition and state of repair. This includes activities of maintaining safety in buildings and on the grounds of the schools.

TRANSPORTATION are those activities concerned with the conveyance of individuals to and from school, as provided by state law. It includes transportation to school activities and between home and school.

CENTRAL SUPPORT are those activities, other than general administration, that support each of the other instructional and supporting services programs including planning, research, development, evaluation, information staff, statistical, and data processing services.

NON-INSTRUCTIONAL SERVICES are those activities concerned with providing non-instructional services to students, staff or the community. This also includes providing certain services to other school districts.

EXTRACURRICULAR are those activities under the guidance or supervision of qualified adults that are designed to provide opportunities for pupils to participate in such experiences on an individual basis at school events or public events.

FACILITIES ACQUISITION AND CONSTRUCTION are those activities concerned with acquiring land and buildings, remodeling, constructing or additions to buildings, initially installing or extending service systems, and other built-up equipment and improving sites.

CAPITAL OUTLAY are those expenditures for the acquisition of, or additions to, capital assets. This includes expenditures for land or existing buildings, improvement of grounds, construction, addition or remodeling of buildings and initial and additional equipment furnishings and vehicles.

DEBT SERVICE are those transactions primarily for the purpose of discharging the District's commitment for interest and principal on debt.



RECEIPTS AND RESOURCES OVER DISBURSEMENTS AND SERVICES

The Financial Activity Statement, known in accounting terms as the income statement, provides a summary of the revenues and resources received by the District compared to the expenditures and services provided by the District. The amounts reported below are for the District's General Fund, on a GAAP basis.

REVENUES & RESOURCES <i>(shown in thousands)</i>	2022	2021	2020	2019
Taxes	\$35,728	\$32,478	\$30,649	\$30,532
State and Federal Revenue	\$41,713	\$43,011	\$42,257	\$43,442
Investment Income	(\$58)	\$176	\$878	\$1,032
Tuition	\$1,286	\$2,045	\$1,925	\$1,955
Extracurricular	\$18	\$10	\$14	\$18
Miscellaneous	\$664	\$667	\$718	\$809
Total Revenues & Resources	\$79,351	\$78,387	\$76,441	\$77,788

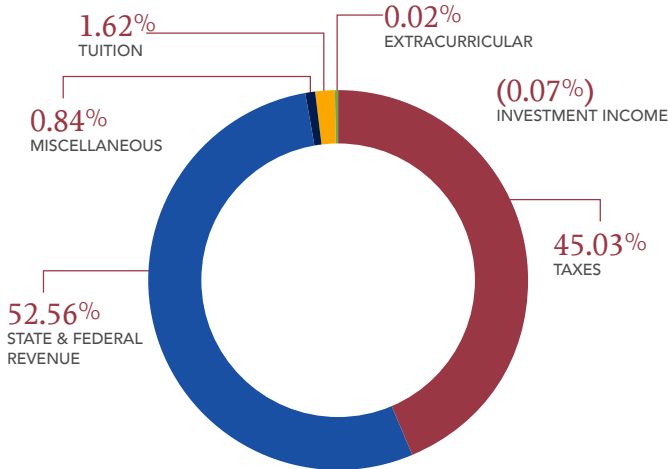
EXPENDITURES & SERVICES PROVIDED <i>(shown in thousands)</i>	2022	2021	2020	2019
Instruction	\$48,190	\$51,263	\$49,549	\$47,943
Pupil Support	\$4,708	\$3,118	\$3,909	\$4,438
Instructional Staff Support	\$3,168	\$3,236	\$2,259	\$2,396
Board/Administration/Fiscal	\$6,109	\$6,013	\$5,813	\$5,709
Business Support	\$615	\$635	\$611	\$584
Operations and Maintenance	\$7,291	\$6,510	\$6,374	\$6,679
Transportation	\$3,398	\$3,029	\$3,373	\$3,339
Central Support	\$898	\$1,005	\$894	\$589
Operation of Non-Instructional	\$61	\$49	\$92	\$491
Extracurricular	\$1,040	\$905	\$950	\$899
Facilities Acquisition and Construction	-	\$13	-	\$-
Capital Outlay	\$276	-	-	\$300
Debt Service	\$31	\$161	\$161	\$161
Total Expenditures & Services	\$75,785	\$75,937	\$73,985	\$73,528
Revenues & Resources Over Expenditures & Services	\$3,566	\$2,450	\$2,456	\$4,260

Taxes revenue increased from the prior year due to increased income tax collections as salaries began to rise and more jobs came to the area and an increase in property taxes due to the amount available for advance (see page 7 for more information). State and federal revenues decreased from the prior year due to decreased foundation funding received from the State as the State released its new budget. Interest revenues were hit hard by the uncertainty in the market as the District's investments saw a decrease in value during the year. Tuition revenues saw a decrease due to the State paid the District directly for open enrollment students as part of the State's budget. Extracurricular and miscellaneous revenues remained steady with the prior year.

Expenditures had a net decrease of approximately \$152K. Instruction expenditures decreased as the District utilized federal grant funds to reduce the impact of COVID-19 on the general fund. Pupil support and operations and maintenance increased due to the costs of doing business. Transportation costs increased due to the District purchasing 7 new school buses. Capital outlay expenditures increased due to the District entering into a new lease agreement to supply copier equipment to the District's buildings. Debt service decreased due to the District paying off old lease agreements in the prior year.

OUR REVENUES AND RESOURCES FY22

Where the General Fund money comes from.

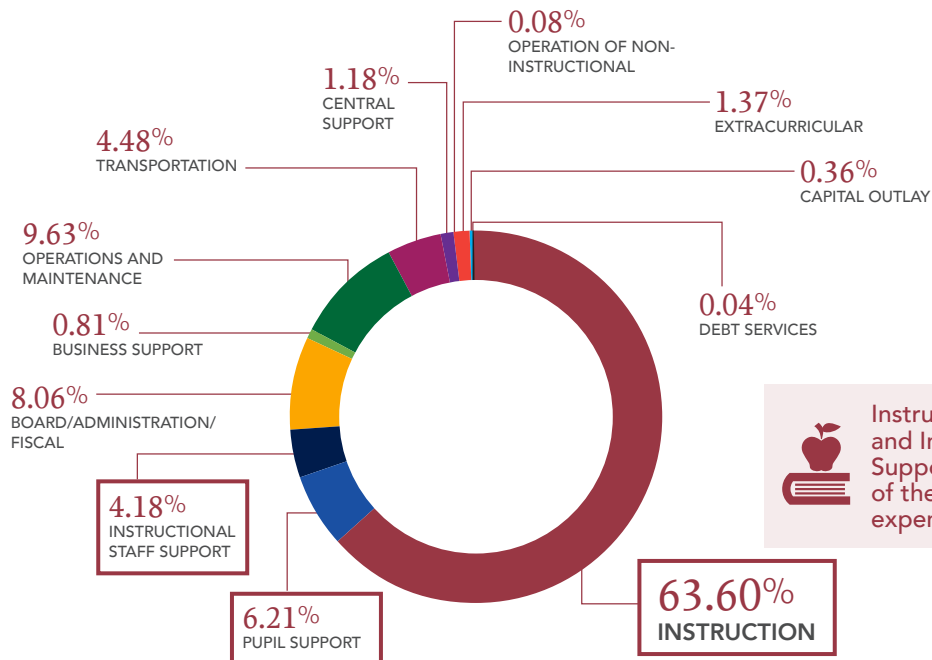



\$79,351 TOTAL
REVENUES & RESOURCES (shown in thousands)



OUR EXPENDITURES AND SERVICES FY22

Where the General Fund Money goes.

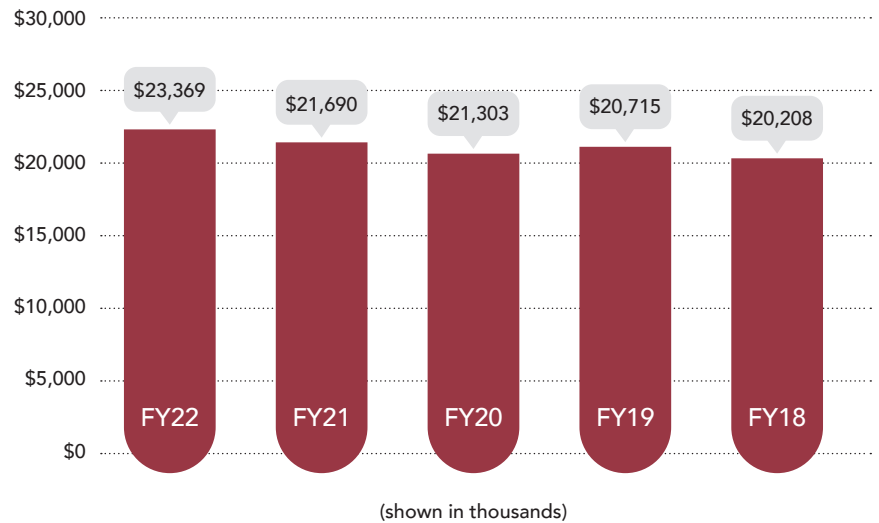


 Instruction, Pupil Support and Instructional Staff Support make up 73.99% of the General Fund expenditures.

\$75,785 TOTAL
EXPENDITURES & SERVICES (shown in thousands)

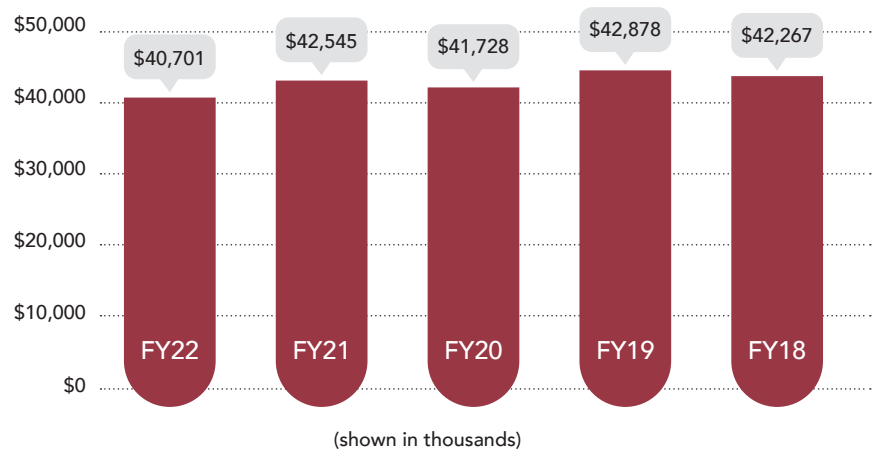
PROPERTY TAXES

The graph to the right depicts the amount of revenues received by the District's General Fund from real and personal property taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. The district receives property taxes from Licking County. Property taxes on a GAAP-basis fluctuate based on the amount available for advance from the County Auditor at June 30. This amount can vary based on when property tax bills are sent to residents and businesses. The amount available for advance from the County Auditor is for amounts collected for the second half property tax bill due in July that are received before the end of the fiscal year. The amounts available for advance received by the District in FY22, FY21, and FY20 were (in thousands) \$1,719, 1,617, and \$2,166, respectively.



STATE FUNDING

The graph to the right depicts the revenues for the District's General Fund from the State of Ohio. Monies received from the state are critical in running a fiscally solvent school district. The two primary components of State revenues are (1) State Foundation payments, which is calculated based on a formula using student enrollment (the District continues to be underfunded from the formula by the State) and (2) property tax allocations which include Homestead and Rollback payments which represent the portion of the tax bill paid by the State instead of the taxpayer. For FY22, the State released the new State budget which significantly reduced foundation funding to School District's.



UNBUNDLING THE TAX RATE

Tax rates for the District, except inside millage, are reduced as valuations increase (Bond rates are adjusted to match debt payments). In accordance with House Bill 920, as property valuations increase during the triennial update and reappraisal periods, the voted millage is reduced. The result is that voted millage generates the same amount of tax revenue for the District as was received when each levy was initially approved by the voters (small growth is realized for new construction). The chart below shows the difference in the District's "Gross" or voted tax rates, as compared to the "Effective" rates, which are what is being collected. The rates below are for the 2021 tax year, collected in 2022.

TAX BURDEN ON HOMEOWNERS

TYPE	GROSS RATE	EFFECTIVE RATE	LENGTH APPROVED
Inside – Operating	3.80	3.80	Permanent
Voted – Operating	73.21	41.60	Permanent
Permanent Improvement	3.95	2.88	Permanent
Bond Retirement	4.10	4.10	Various
Total Rates	85.06	52.38	

ASSESSED VALUE ON REAL PROPERTY

COLLECTION YEAR	AGRICULTURAL/RESIDENTIAL AND OTHER REAL ESTATE	PUBLIC UTILITY PERSONAL PROPERTY	TOTAL
2022	\$941,527,742	\$51,500,490	\$993,028,232
2021	\$937,572,944	\$45,569,690	\$983,142,634
2020	\$811,503,418	\$42,993,230	\$854,496,648
2019	\$804,545,444	\$40,524,110	\$845,069,554
2018	\$806,049,778	\$39,031,530	\$845,081,308

OTHER DEMOGRAPHIC INFORMATION

Unemployment Rate	3.7%
Population	50,406
Per Capita Income	\$25,977




OUTSTANDING DEBT AT YEAR END

The chart below captures the District's long-term bonds, notes, and leases outstanding. The bonds and notes were issued for construction and/or renovation of school buildings. The lease obligations were for the acquisition of copier equipment.

OUTSTANDING DEBT <i>(shown in thousands)</i>	2022	2021	2020	2019
General Obligation Bonds	\$39,686	\$42,929	\$45,970	\$48,954
Tax Anticipation Notes	–	–	–	\$1,200
Lease Obligations	\$250	\$616	\$353	\$689
Total Debt	\$39,936	\$42,929	\$46,323	\$50,843




THE NUMBERS BEHIND NEWARK CITY SCHOOLS



TEACHING STAFF


252	K-5
107	6-8
101	9-12




ENROLLMENT

239	Pre-K
2,819	K-5
1,342	6-8
1,572	9-12
121	Other

TOTAL ENROLLMENT



6,093 FY22	6,157 FY21	6,580 FY20	6,428 FY19	6,253 FY18
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SQUARE FOOTAGE MAINTAINED

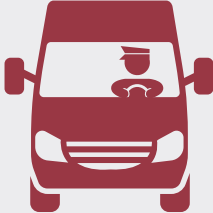
1,337,644

BUS TRANSPORT

45	TOTAL ROUTES
2,605	TOTAL ASSIGNED RIDERS
2,434	TOTAL ACTUAL DAILY RIDERS
1,509	TOTAL DAILY MILES
280,000	TOTAL ANNUAL MILEAGE



VAN TRANSPORT



10	TOTAL VAN ROUTES
45	TOTAL ASSIGNED RIDERS
836	MILES DRIVEN DAILY
159,480	MILES DRIVEN YEARLY



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