

**NEWBURY LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2004



**Auditor of State
Betty Montgomery**

**NEWBURY LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

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**Auditor of State
Betty Montgomery**

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

Newbury Local School District
Geauga County
14775 Auburn Road
Newbury, Ohio 44065

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Newbury Local School District, Geauga County, Ohio (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated May 12, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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*. In a separate letter to the District's management dated May 12, 2005, we reported other matters related to noncompliance we deemed immaterial.

Newbury Local School District
Geauga County
Independent Accountants' Report on Internal
Control Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards*
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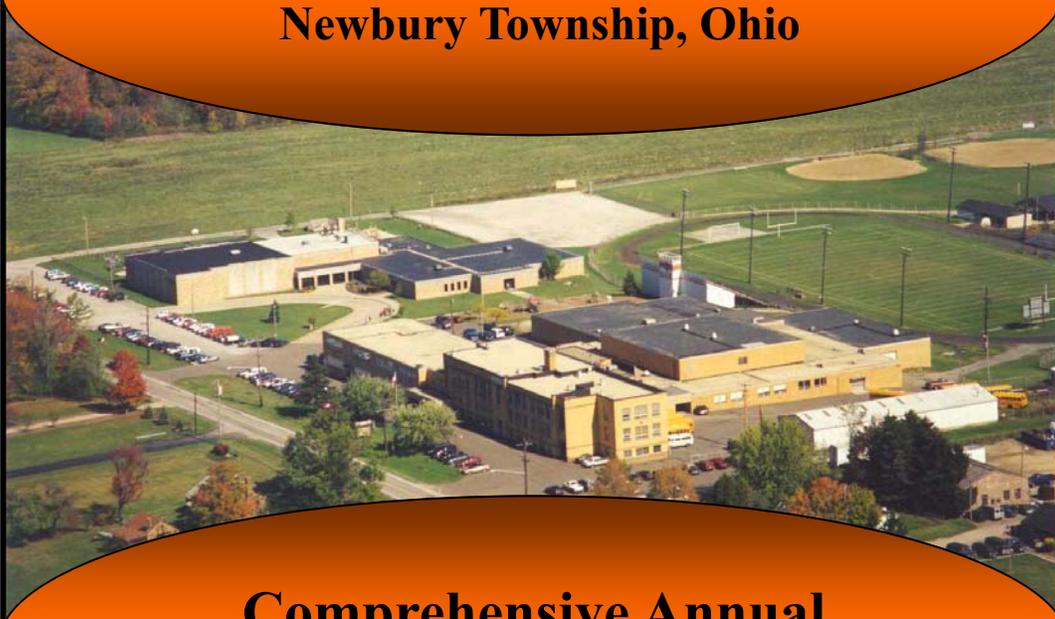
We intend this report solely for the information and use of the audit committee, management, and the Board of Education. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 12, 2005

Newbury Local School District
Newbury Township, Ohio



Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2004

Newbury Local School District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2004

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NEWBURY LOCAL SCHOOL DISTRICT

14775 Auburn Road • Newbury, OH 44065-9745

May 12, 2005

Board of Education Members
Newbury Local School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Newbury Local School District (the "School District") for the fiscal year ended June 30, 2004. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, 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 School District. This report will provide the taxpayers of the Newbury Local School District with comprehensive financial data in a format, which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Geauga County Public Library, major taxpayers, financial rating services and other interested parties.

The comprehensive annual financial report is presented in three sections as follows:

1. The Introductory Section which contains a Table of Contents, Letter of Transmittal, List of Principal Officials, Organizational Chart of the School District and the GFOA Certificate of Achievement.
2. The Financial Section, which begins with the Independent Accountants' Report and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section which presents social and economic data, financial trends and the fiscal capacity of the Newbury Local School District.

The School District

The Newbury Local School District is located in Geauga County in northeastern Ohio, in the center of Geauga County. Newbury Local School District encompasses Newbury Township. The School District's area is approximately twenty-five square miles.

Newbury Local Schools does not discriminate on the basis of race, color, national origin, sex, religion, or disability in its educational programs, activities, employment policies, or admission policies and practices as required by law.

Office of the
Superintendent

440-564-5501
FAX: 440-564-9460

Office of the
Treasurer

440-564-5501
FAX: 440-564-9460

- v -

Office of the **Junior/Senior**
High School Principal

440-564-2281
FAX: 440-564-9788

Office of the
Elementary Principal

440-564-2282
FAX: 440-564-9690

The first class graduated from Newbury High School in 1930. A new High School was constructed at 14775 Auburn Road in 1928 and students moved in January 1, 1929. Newbury Local School District is currently located at this site. There are two schools in the School District, one high school/elementary and one intermediate school.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services mandated by State and Federal agencies.

The Reporting Entity and Services Provided

Newbury Local School District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the Newbury Local School District (the primary government) and its potential component units.

Excluded from the reporting entity because they are fiscally independent of the School District are the Township of Newbury, the Geauga County Public Library, the Newbury Booster Clubs, the Parent Teacher Organization and the Newbury Joint Recreation Council.

The School District participates in six jointly governed organizations and an insurance purchasing pool. These organizations are the Auburn Career Center, the Lake Geauga Computer Association, the Newbury Joint Recreation Council, the East Shore Center, the East Shore Regional Transportation System, the Ohio Schools' Council, and the Ohio School Plan. These organizations are presented in Notes 16 and 17 of the Basic Financial Statements.

A complete discussion of the School District's reporting entity is provided in Note 1 to the basic financial statements.

Economic Condition and Outlook

The Newbury Local School District is located entirely in Newbury Township, which is located about 30 miles east of Cleveland. The current population estimate is approximately 5,805 and current assessed valuation of property within the township is \$166,739,523.

Newbury residents enjoy a semi-rural atmosphere, with most residential areas zoned at a three-acre minimum lot size. Housing types range from modest homes, which may sell for under \$100,000 to multi-million dollar estates. The township has enjoyed a steady growth in residential housing, with several new large-lot subdivisions opening up in the last few years.

Newbury residents also enjoy the presence of the Punderson State Park, located entirely within the Township and the source of a 3 percent township hotel tax, as well as a variety of recreational activities. The Township has purchased an 88-acre parcel of land adjoining the northern border of Newbury Local School District's property on Auburn Road. This property will be used both for recreational purposes and potential future school expansion.

Major employers in the Township include commercial and industrial concerns such as Kinetico, Saint Gobain, and Creative Mold and Machine, several transportation firms including Distribution Technologies, Kuhnle Brothers, Circle Transport and Precious Cargo and a large variety of service organizations based primarily along the Route 87 corridor which runs west to east through the center of the Township. The departure of Newbury Industries several years ago was countered by the expansion of Kinetico into Newbury Industries' former plant. The more recent departure of Great Lakes Cheese to a new facility in Troy Township has created the prospect of a temporary decrease in property tax revenues, but the new owner of the former Great Lakes Cheese plant is aggressively seeking new tenants for that building. Township zoning regulations are designed to strike a balance between preservation of a rural atmosphere and encouragement of the development of clean commercial/industrial enterprises that will provide new jobs and economic growth.

Newbury Township operates on an annual budget of over \$2 million dollars per year, providing maintenance over 35 miles of township roads, enforcement of township zoning, maintenance of four township cemeteries, funding of the activities of a volunteer fire department and maintaining a part-time police department out of general fund revenues.

Major Initiatives

The Newbury Local School District has maintained the strong image of a public school in a private school setting since 1928.

The Newbury Local School District has achieved an "Effective" status based on the state of Ohio's Report Card by having met 14 of 18 standards (2003-2004 data) including proficiency test scores, dropout and graduation rates.

The No Child Left Behind federal legislation has also lead to the rating of each building. Newbury Elementary School currently has an "Effective" rating and our Junior/Senior High School is rated "Excellent."

The School District completely renovated the secondary complex's heating system in the summer of 1999. More energy efficient lighting was placed throughout the School District, including enhancements for handicapped accessibility and the replacement of the stadium lighting. These improvements have resulted in savings and the energy audit completed by the Brewer-Garrett Company has estimated the energy savings over the last 3 years at approximately \$85,000. The superstructure of the stadium bleachers was renovated in the summer of 2000. During this time period, the gymnasium floor was replaced after 30 years of use. Roofs at the high school/elementary facility have been replaced in the summers of 2001, 2002 and 2003 along with locker replacement in the junior/senior high school, the rekeying of the junior/senior high school building to attain a higher level of security standards and a significant renovation to a junior/senior high school classroom so that students would have the benefit of an additional laboratory science. The air conditioning condenser for the Intermediate Building was replaced during the summer of 2003 and the Board of Education also anticipates replacing approximately thirty computers during FY 2005.

In anticipating the repairs in the upcoming years, the School District placed a 1-mill permanent improvement replacement levy on the November 7, 2000 ballot. Voters approved this issue by a wide margin bringing an additional \$70,000 into the School District on an annual basis for the care and repair of our buildings and grounds. In the May 2002 primary election, Newbury voters renewed a 5.25 emergency levy that generates \$800,000 annually with 69 percent of the vote. On March 2, 2004 voters approved a 4.9-mill continuing operating levy.

The Newbury Local School District has also begun a journey toward continuous improvement. Over the past six years, the School District has called together representative groups of parents, faculty, staff, students, business leaders and the community at large to plan for the future. In the fall of 1999, a three-day retreat was held to develop the formal plan and in October 2003 a representative group consisting of teachers, administrators, faculty, staff, students, business and community leaders updated the plan for the current school year.

Parental involvement continues to be a key component for the success of the Newbury Local School District. There is a very active Parent Teacher Organization at the elementary level that supports the educational process in many meaningful ways including fund raising, tutoring and serving as a liaison with the School District's administration. The School District has also been the benefactor of several local grants over the past year. These grants have assisted our teachers by providing additional resources to promote innovative programming in language arts and literacy development. The grants have also been used to assist junior high school students with their library and internet skills. Additional grants helped teachers gain more resources to support inquiry-based learning in science and mathematics. There is also a Booster Group that serves the academic and athletic needs in the secondary school. Additionally, there is a Music Booster Group that assists in supporting vocal and instrumental music throughout the School District.

In the past four years the Newbury Educational Foundation has been formed to assist the School District in supporting efforts financially that are consistent with the Foundation's mission.

The Newbury Local School District supports a wide range of athletic, music and co-curricular activities. Students also have opportunities for domestic and foreign travel.

Over the past six years, SchoolMatch, an organization that reviews school districts for clients that may be moving to different locations across the nation have honored the Newbury Local School District with the "What Parents Want" award for four consecutive years. The award is based on the following seven criteria: (1) competitive in academic test scores and are academically solid, but not so rigorous as to intimidate their children, (2) accredited, (3) recognized for excellence by a national foundation or by the U.S. Department of Education, (4) competitive in teacher salaries, (5) above average in instructional expenditures on a national percentile basis, (6) above average in expenditures for library/media services on a national percentile basis and (7) known for small class size.

Financial Information

Internal Accounting and Budgetary Control

In developing the School District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the expected benefits derived from their implementation.

The School District utilizes a fully automated accounting system as well as automated systems of controls for fixed assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board of Education. Budgets are controlled at the fund level. All purchase order requests must be approved by the Superintendent and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Requests exceeding the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. As an additional safeguard, a blanket bond covers all employees and a separate, higher limit bond covers certain individuals in policy-making roles.

The basis of accounting and the various funds utilized by Newbury Local School District are fully described in Note 2 of the basic financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

Financial Condition

This is the third year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 creates basic financial statements for reporting on the School District's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting that is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. Newbury Local School District does not have any business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons This statement presents comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion appears after the Independent Accountants' Report in the financial section of this report. Management's Discussion and Analysis provides an assessment of the School District's finances for fiscal year 2004.

Cash Management

The Board of Education has established a cash management program that expedites the collection of local and State funds through electronic fund transfers and daily deposits. Funds are deposited in local financial institutions insured by the Federal Deposit Insurance Corporation as well as collateralized by investments in instruments issued by the United States Government or the State of Ohio. The total amount of interest earned for the year ended June 30, 2004, was \$12,879, of which all was credited to the general fund.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of public funds deposited. Trustees including the Federal Reserve Board and designated third party trustees of the financial institutions hold collateral.

Risk Management

The School District contracts for general liability insurance. The School District also carries a single occurrence \$1,000,000 limit for professional liability with no deductible and automobile liability which has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative costs.

Independent Audit

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2004. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for the 1981 fiscal year.

Awards

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 Newbury Local School District for its Comprehensive Annual Report for fiscal year ended June 30, 2003. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a Government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report 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.

Acknowledgments

The publication of this report is a significant step toward professionalizing the Newbury Local School District's financial reporting. It enhances the School District's accountability to the residents of the Newbury Local School District.

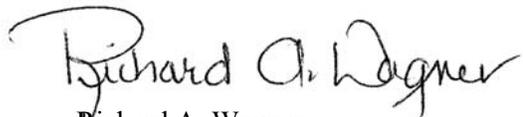
The preparation of this report would not have been possible without the assistance and support of the staff of the Treasurer's office, various administrators and staff members of the School District. Assistance from the County Auditor's staff and outside agencies made possible the fair presentation of statistical data.

Finally, sincere appreciation is extended to the Board of Education for their support for this project.

Respectfully submitted,



David M. Hoskin
Treasurer



Richard A. Wagner
Superintendent

Newbury Local School District
Principal Officials Roster
Year Ended June 30, 2004

Board of Education

Mr. Richard Endres.....President
Mr. Kenneth Blair Jr. Vice President
Mr. Larry Ayer..... Member
Mr. L. Judd Douglas Member
Ms. Cathleen McBride..... Member

Treasurer

Mr. David M. Hoskin

Superintendent

Mr. John A. Reno

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Newbury Local School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Newbury Local School District
Geauga County
14775 Auburn Road
Newbury, Ohio 44065

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Newbury Local School District, Geauga County, Ohio (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Newbury Local School District, Geauga County, Ohio, as of June 30, 2004, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining non-major fund statements and schedules, and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining non-major fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. 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 tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 12, 2005

Newbury Local School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2004
Unaudited

It is a privilege to present to you the financial picture of Newbury Local School District. The discussion and analysis of Newbury Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets of governmental activities increased \$222,490, which represents an 8.5 percent increase from 2003.
- Revenues for governmental activities totaled \$7,501,693 in 2004. Of this total, \$6,614,176 or 88.2 percent consisted of general revenues while program revenues accounted for the balance of \$887,517 or 11.8 percent.
- The School District had \$7,279,203 in expenses related to governmental activities; only \$887,517 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$6,614,176 helped to provide for these programs.
- Program expenses totaled \$7,279,203. Instructional expenses made up \$4,036,561 or 55.4 percent of this total while support services accounted for \$2,656,241 or 36.5 percent. Other expenses, \$586,401 rounded out the remaining 8.1 percent.
- Unrestricted net assets is a deficit balance of (\$352,589), nevertheless it is an increase of \$233,496 from the prior year's deficit balance of (\$586,085). This component of net assets is primarily related to the activity of the general fund.
- Total assets of governmental activities decreased \$169,224, which represents a 2.0 percent decrease from 2003.

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 Newbury Local School 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 Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Newbury Local School District, the general fund is by far the most significant fund.

Newbury Local School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2004
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

The analysis of the School District as a whole begins on page 5. While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why?" or "Why not?". The *Statement of Net Assets* and the *Statement of Activities* assist in answering these questions. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the readers that, for the School District as a whole, the financial position of the School 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 School 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 Assets and the Statement of Activities, the School District is classified into governmental activities. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of non-instructional activities and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 10. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

Governmental Funds Most of the School 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 fiscal 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 statements provide a detailed short-term view of the School 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Newbury Local School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2004
Unaudited

The School District as a Whole

You may recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2004 compared to 2003:

Table 1
 Net Assets
 Governmental Activities

	<u>2004</u>	<u>2003</u>
Assets		
Current and other assets	\$ 4,889,361	\$ 4,863,991
Capital assets, net of depreciation	<u>3,298,294</u>	<u>3,492,888</u>
Total assets	<u>8,187,655</u>	<u>8,356,879</u>
Liabilities		
Other liabilities	4,474,683	4,843,624
Long-term liabilities:		
Due within one year	153,653	74,347
Due in more than one year	<u>713,606</u>	<u>815,685</u>
Total liabilities	<u>5,341,942</u>	<u>5,733,656</u>
Net Assets		
Invested in capital assets, net of debt	2,945,883	3,081,205
Restricted for:		
Capital projects	134,527	64,642
Debt service	-	51
Set asides	31,149	31,149
Other purposes	86,743	32,261
Unrestricted	<u>(352,589)</u>	<u>(586,085)</u>
Total net assets	<u>\$ 2,845,713</u>	<u>\$ 2,623,223</u>

Although net assets increased by \$222,490 during the fiscal year, it should be noted that total assets actually decreased by \$169,224. This decrease is largely attributable to the recognition of current year depreciation expense exceeding capital asset acquisitions during the same time period. Total liabilities decreased by \$391,714 during the fiscal year. The decrease in long term liabilities was due primarily to a decrease in general obligation bonds. The retirements resulted in a decrease in the long term compensated absences payable and \$59,272 was paid on the outstanding bonds during the fiscal year, which also lowered long term obligations. In addition, due to the timing of the School District's payroll, accrued wages decreased by \$114,498 as compared to 2003.

Newbury Local School District
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The vast majority of revenues supporting governmental activities were general revenues. General revenue totaled \$6,614,176 or 88.2 percent of total revenue. The most significant portion of the general revenue is local property tax which is 62.3 percent of total revenue and intergovernmental revenue (consisting of state foundation, homestead and rollback, and personal property tax exemption) which is 24.9 percent of total revenue. Interest income, contributions and miscellaneous revenue account for less than one percent of total revenue. The remaining amount of revenue received was in the form of program revenues, which equated \$887,517 or only 11.8 percent of total revenue.

Table 2 shows the changes in net assets for fiscal years 2004 and 2003.

Table 2
 Governmental Activities

	2004	2003
Program Revenues		
Charges for services	\$ 343,366	\$ 346,695
Operating grants and contributions	538,595	374,715
Capital grants and contributions	5,556	27,346
Total program revenues	887,517	748,756
General Revenues		
Property taxes	\$ 4,674,323	\$ 4,189,848
Grants and entitlements	1,865,446	1,755,801
Investment earnings	12,879	17,382
Miscellaneous	61,528	9,315
Total general revenues	6,614,176	5,972,346
Total revenues	7,501,693	6,721,102

(Continued)

Newbury Local School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2004
Unaudited

Table 2
 Governmental Activities (continued)

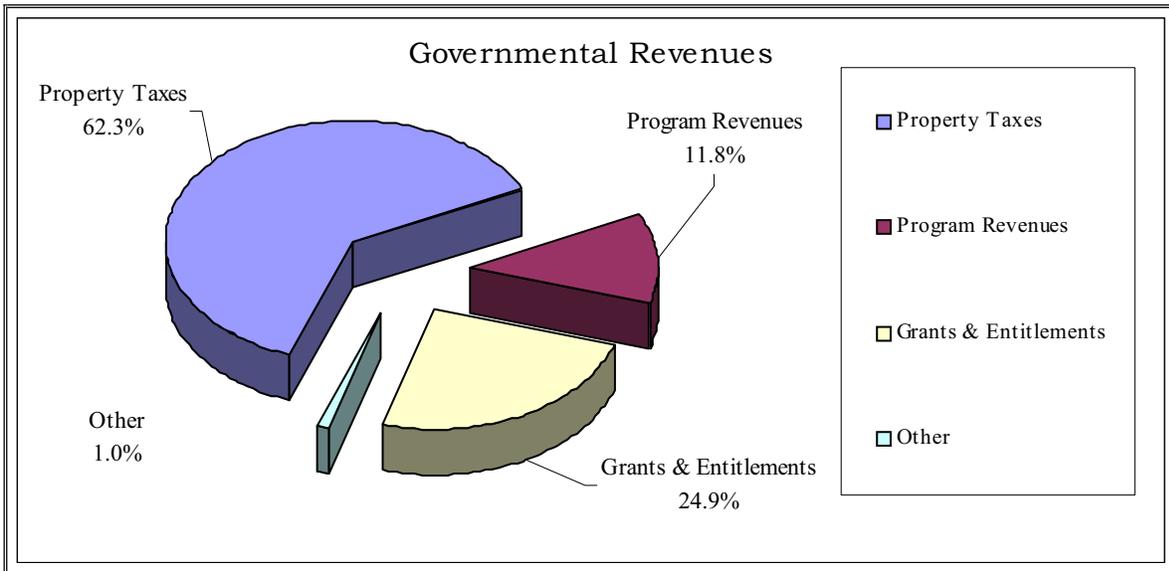
	2004	2003
Program Expenses		
Instruction:		
Regular	3,386,040	3,333,966
Special	619,599	627,836
Vocational	30,922	55,270
Support services:		
Pupils	260,113	296,956
Instructional staff	187,342	218,958
Board of education	168,722	47,495
Administration	545,815	520,092
Fiscal	282,270	256,700
Business	-	1,063
Operation and maintenance of plant	654,271	802,690
Pupil transportation	506,046	519,832
Central	51,662	57,403
Operation of non-instructional services:		
Food service operations	173,956	188,578
Community services	124,160	157,060
Extracurricular activities	265,326	334,345
Interest and fiscal charges	22,959	26,183
Total program expenses	<u>7,279,203</u>	<u>7,444,427</u>
Change in net assets	222,490	(723,325)
Net assets beginning of year	<u>2,623,223</u>	<u>3,346,548</u>
Net assets end of year	<u>\$ 2,845,713</u>	<u>\$ 2,623,223</u>

Expenses decreased \$165,224 or 2.22 percent in 2004 as compared to 2003. This decrease was not attributed to any significant transaction but an overall decrease in various programs. In addition to the reduction of expenses, revenues increased significantly by \$780,591 or 11.6 percent. This increase was due to an increase in property tax revenue.

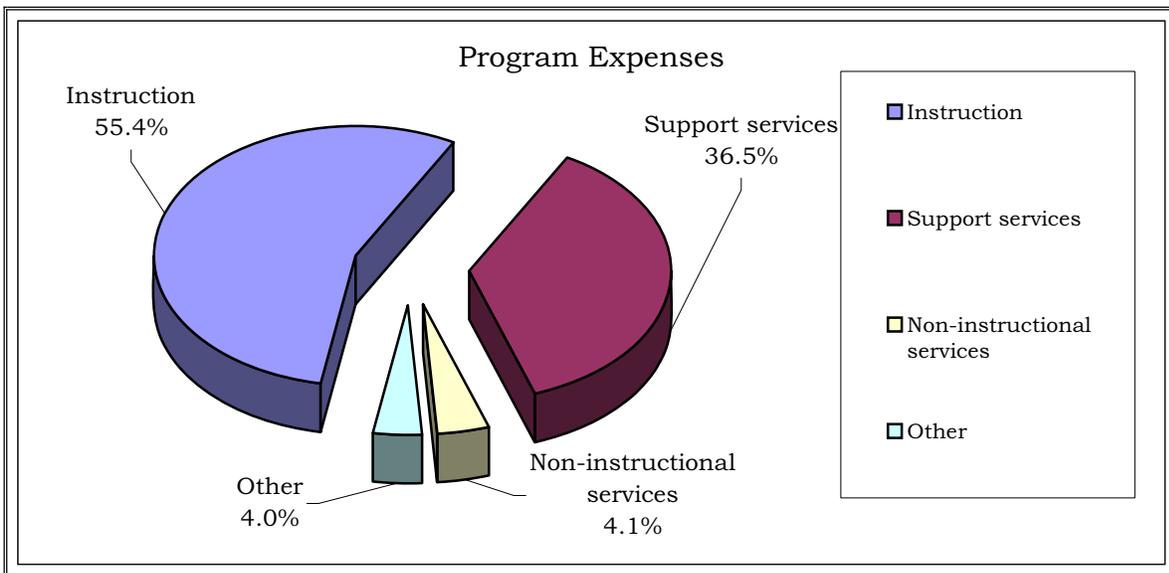
Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenditures over the next five years. The School District's revenue growth is mostly dependent upon property tax increases and new construction. Property taxes made up 62.3 percent of revenues for governmental activities for the School District in fiscal year 2004. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating cost.

Newbury Local School District
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Instruction comprises 55.4 percent of governmental program expenses. Additional supporting services for pupils, staff and business operations encompassed an additional 36.5 percent. The remaining 8.1 percent of program expenses is used for other obligations of the School District such as non-instructional services, extracurricular activities and interest and fiscal charges.



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Newbury Local School District
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Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	Total Cost of Services <u>2004</u>	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2004</u>	Net Cost of Services <u>2003</u>
Program Expenses				
Instruction:				
Regular	\$ 3,386,040	\$ 3,333,966	\$ (3,203,791)	\$ (3,199,990)
Special	619,599	627,836	(382,906)	(463,517)
Vocational	30,922	55,270	(30,922)	(55,270)
Support services:				
Pupils	260,113	296,956	(218,757)	(282,981)
Instructional staff	187,342	218,958	(178,317)	(218,958)
Board of education	168,722	47,495	(168,722)	(47,495)
Administration	545,815	520,092	(545,815)	(520,092)
Fiscal	282,270	256,700	(282,270)	(256,700)
Business	-	1,063	-	(1,063)
Operation and maintenance of plant	654,271	802,690	(654,271)	(800,865)
Pupil transportation	506,046	519,832	(500,490)	(492,486)
Central	51,662	57,403	(45,662)	(57,403)
Operation non-instructional services:				
Food service operations	173,956	188,578	25,693	(3,037)
Community services	124,160	157,060	3,837	(120,827)
Extracurricular activities	265,326	334,345	(186,334)	(148,804)
Interest and fiscal charges	22,959	26,183	(22,959)	(26,183)
Total	<u>\$ 7,279,203</u>	<u>\$ 7,444,427</u>	<u>\$ (6,391,686)</u>	<u>\$ (6,695,671)</u>

The dependence upon tax revenues for governmental activities is apparent. 64.2 percent of expenses are directly supported by local property taxes. Grant and entitlements not restricted to specific programs support 25.6 percent, while investment and other miscellaneous type revenues support 1 percent of the costs. Program revenues only account for 12.1 percent of all governmental expenses. Program revenues include charges for services, grants and contributions that are program specific. Surrounding schools with resident students attending Newbury Local School District pay the School District \$6,405 per pupil under Ohio's open enrollment plan. The community, as a whole, is the primary support for Newbury Local School District students.

Newbury Local School District
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The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,375,443 and expenditures of \$7,112,142. The net change in fund balance for the fiscal year was most significant in the general fund, an increase of \$147,559 due to an overall decrease in expenditures and an increase in revenues. This increase was due to the School District taking a conservative approach to spending. Increases in federal grant monies have sustained a positive balance in the food service fund's ending balance of \$29,496. The School District has also received an increase in grant monies to better provide services to our students. As a result of changes in the federal granting procedures more revenue has been made available to the School District. Fewer funds reported deficit balances and less significant deficit balances as compared to 2003. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds, property taxes are the largest revenue source, accounting for 61.7 percent of total governmental revenue. Clearly, the community of Newbury is the greatest source of financial support for the students of the Newbury Local School District.

General Fund Budgeting Highlights

The School 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 fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2004, the School District amended its general fund budget several times. The appropriation amendments, in total, were approximately a 1 percent increase from the original budget to the final budget. For the general fund, the final budget basis revenue was \$6,139,661 representing a \$268,063 increase from the original budget estimate of \$5,871,598. Most of this difference is due to property taxes increases. The original budget estimate was amended with the June 2004 amended certificate of resources. The School District's general fund unencumbered cash balance at the end of the fiscal year was only \$89,741. As of June 30, 2004, the amount of expenditures plus encumbrances, exceeded appropriations resulting in a budget violation. This was due to a few outstanding encumbrances for professional services that were not paid prior to the close of the fiscal year due to insignificant cash flow in June. This budget violation is further explained in Note 3.

For the other non-significant budget amendments, the School District uses a site-based style of budgeting and has in place systems that are designed to tightly control site budgets but provide flexibility for site management. Building principals are given a per pupil allocation for textbooks, instructional materials and equipment.

Newbury Local School District
Management's Discussion and Analysis
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the School District had \$3,298,294 invested in land, buildings, equipment and vehicles. Table 4 shows fiscal year 2004 values compared to 2003.

Table 4
 Capital Assets, at Fiscal Year End
 (Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Land	\$ 248,900	\$ 248,900
Buildings and improvements	2,473,952	2,567,202
Furniture and equipment	287,134	318,521
Vehicles	<u>288,308</u>	<u>358,265</u>
Total capital assets	<u>\$ 3,298,294</u>	<u>\$ 3,492,888</u>

All capital assets, except land, are reported net of depreciation. As one can see, changes in capital assets during the fiscal year occurred in buildings and improvements, furniture and equipment and vehicles. Although the School District did dispose of a few capital asset items, the decrease in buildings and improvements, furniture and equipment and vehicles was due primarily to the additional year of accumulated depreciation. Additional information on capital assets can be found in Note 10.

For fiscal year 2004, Ohio law required school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks and instructional materials. For fiscal years 2004 and 2003, the School District had qualifying disbursements or offsets exceeding both the capital and maintenance requirement and the textbook and instructional requirement.

Debt

At June 30, 2004, the School District had \$352,411 in energy conservation bonds outstanding with \$62,728 due within one year. At June 30, 2004, the School District's overall legal debt margin was \$14,654,196 with an unvoted debt margin of \$166,740. The School District maintains an AAA bond rating. All existing bond obligations are general obligation debt backed by the full faith and credit of the School District and will be retired fully by fiscal year 2009. For additional information see Note 11.

Newbury Local School District
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School District Outlook

Newbury Local School District has continued to maintain the highest standards of service to our students, parents and community. The School District is always presented with challenges and opportunities. Recent national events and their impact on the Newbury Local School District and the surrounding area are very much under review and analysis. Economic recession has yet to impact our primary industries, but that could be a seasonal phenomena resulting from our agricultural and housing industry strengths. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its five year forecast.

The financial future of the School District is not without its challenges though. These challenges are internal and external in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes to fund its operations. Thus management must diligently plan expenses from this growth, staying carefully within its five-year forecast. Following the close of the fiscal year, in the November general election, the voters approved a replacement levy to generate operating revenue for the School District for the next five years. Additional revenues, than what was estimated, must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Externally, the State of Ohio was found by the Ohio Supreme court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme again ruled that while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not 'equitable' nor 'adequate.' The court directed the Government and the legislature to address the fundamental issue creating inequities. In December 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding system. The decision identified aspects of the current plan that require modification.

Newbury Local School District has not anticipated any meaningful growth in State revenue. The concern is that, to meet the requirements of the court, the State may require the redistribution of commercial and industrial property taxes. With over 50 percent of the taxes for the School District coming from local businesses and industry, one can see the significant impact this change would have on the School District and ultimately, the residential taxpayers.

As a result of the challenges mentioned above, it is imperative that the School District's management continue to carefully and prudently plan to provide the resources required to meet student needs over the next several years.

In conclusion, Newbury Local School District has committed itself to financial excellence for many years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 2000 and the Auditor's Award for Excellence in Financial Reporting since 2000.

Newbury Local School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2004
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the School District's finances and show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact David Hoskin, Treasurer at Newbury Local School District, 14775 Auburn Road, Newbury, Ohio 44065 or email at ne_hoskin@lgca.org.

Newbury Local School District

Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 403,210
Inventory held for resale	8,687
Materials and supplies inventory	17,209
<u>Receivables:</u>	
Intergovernmental	41,386
Due from agency fund	687
Taxes	4,418,182
<u>Capital assets:</u>	
Land	248,900
Depreciable capital assets, net	3,049,394
Total capital assets	<u>3,298,294</u>
Total assets	<u>8,187,655</u>
 <u>Liabilities:</u>	
Accounts payable	82,846
Accrued wages	473,554
Matured compensated absences payable	43,287
Intergovernmental payable	200,763
Accrued interest payable	1,688
Deferred revenue	3,672,545
<u>Long-term liabilities:</u>	
Due within one year	153,653
Due in more than one year	713,606
Total liabilities	<u>5,341,942</u>
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	2,945,883
<u>Restricted for:</u>	
Capital projects	134,527
Set asides	31,149
Other purposes	86,743
Unrestricted	<u>(352,589)</u>
Total net assets	<u>\$ 2,845,713</u>

See accompanying notes to the basic financial statements.

Newbury Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 3,386,040	\$ 131,921	\$ 50,328	\$ -	\$ (3,203,791)
Special	619,599	-	236,693	-	(382,906)
Vocational	30,922	-	-	-	(30,922)
Support services:					
Pupils	260,113	-	41,356	-	(218,757)
Instructional staff	187,342	-	9,025	-	(178,317)
Board of education	168,722	-	-	-	(168,722)
Administration	545,815	-	-	-	(545,815)
Fiscal	282,270	-	-	-	(282,270)
Operation and maintenance of plant	654,271	-	-	-	(654,271)
Pupil transportation	506,046	-	-	5,556	(500,490)
Central	51,662	-	6,000	-	(45,662)
Operation of non-instructional services:					
Food service operations	173,956	132,453	67,196	-	25,693
Community services	124,160	-	127,997	-	3,837
Extracurricular activities	265,326	78,992	-	-	(186,334)
Interest and fiscal charges	22,959	-	-	-	(22,959)
Total governmental activities	<u>\$ 7,279,203</u>	<u>\$ 343,366</u>	<u>\$ 538,595</u>	<u>\$ 5,556</u>	<u>(6,391,686)</u>

General Revenues:

Property taxes levied for:

General purposes	4,444,766
Debt service	82,476
Capital outlay	147,081
Grants and entitlements not restricted to specific programs	1,865,446
Investment earnings	12,879
Miscellaneous	61,528
Total general revenues	<u>6,614,176</u>
Change in net assets	222,490
Net assets beginning of year	<u>2,623,223</u>
Net assets end of year	<u>\$ 2,845,713</u>

See accompanying notes to the basic financial statements.

Newbury Local School District

Balance Sheet

Governmental Funds

June 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 137,299	\$ 226,427	\$ 363,726
Inventory held for resale	-	8,687	8,687
Materials and supplies inventory	16,218	991	17,209
<u>Receivables:</u>			
Intergovernmental	-	41,386	41,386
Interfund	8,432	-	8,432
Taxes	4,194,704	223,478	4,418,182
Equity in pooled cash and cash equivalents (restricted)	39,484	-	39,484
Total assets	\$ 4,396,137	\$ 500,969	\$ 4,897,106
 <u>Liabilities and fund balances:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 75,897	\$ 6,949	\$ 82,846
Accrued wages	437,448	36,106	473,554
Matured compensated absences payable	43,287	-	43,287
Interfund payable	-	7,745	7,745
Intergovernmental payable	141,296	391	141,687
Deferred revenue	3,689,617	207,326	3,896,943
Total liabilities	4,387,545	258,517	4,646,062
 <u>Fund balances:</u>			
Reserved for encumbrances	21,534	47,496	69,030
Reserved for property taxes	505,087	19,501	524,588
Reserved for bus purchases	8,335	-	8,335
Reserved for budget stabilization	31,149	-	31,149
<u>Unreserved,</u>			
Undesignated, reported in:			
General fund	(557,513)	-	(557,513)
Special revenue funds	-	107,688	107,688
Debt service fund	-	50	50
Capital projects funds	-	67,717	67,717
Total fund balances	8,592	242,452	251,044
Total liabilities and fund balances	\$ 4,396,137	\$ 500,969	\$ 4,897,106

See accompanying notes to the basic financial statements.

Newbury Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2004*

Total governmental fund balances		\$	251,044
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			3,298,294
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:			
Property taxes	\$	221,049	
Intergovernmental		3,349	
			224,398
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and are therefore not reported in the funds.			(59,076)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:			
General obligation bonds	\$	(352,411)	
Compensated absences		(514,848)	
Accrued interest payable		(1,688)	
Total			(868,947)
Net assets of governmental activities		\$	2,845,713

See accompanying notes to the basic financial statements.

Newbury Local School District
*Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004*

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property taxes	\$ 4,319,557	\$ 226,441	\$ 4,545,998
Intergovernmental	1,854,917	549,627	2,404,544
Interest	12,879	-	12,879
Tuition and fees	35,863	34,381	70,244
Extracurricular activities	-	66,803	66,803
Gifts and donations	-	2,500	2,500
Charges for services	61,677	136,310	197,987
Rent	2,670	-	2,670
Miscellaneous	58,858	8,334	67,192
Total revenues	<u>6,346,421</u>	<u>1,024,396</u>	<u>7,370,817</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,121,679	78,594	3,200,273
Special	406,203	210,064	616,267
Vocational	35,928	-	35,928
Support services:			
Pupils	208,080	53,359	261,439
Instructional staff	176,430	8,986	185,416
Board of education	168,722	-	168,722
Administration	548,565	261	548,826
Fiscal	284,058	2,491	286,549
Operation and maintenance of plant	567,542	82,831	650,373
Pupil transportation	432,382	-	432,382
Central	45,662	6,000	51,662
Operation of non-instructional services:			
Food service operations	-	174,064	174,064
Community services	-	123,205	123,205
Extracurricular activities	176,146	86,217	262,363
Capital outlay	14,000	18,196	32,196
Debt service:			
Principal retirement	-	59,272	59,272
Interest and fiscal charges	-	23,205	23,205
Total expenditures	<u>6,185,397</u>	<u>926,745</u>	<u>7,112,142</u>
Excess of revenues over (under) expenditures	<u>161,024</u>	<u>97,651</u>	<u>258,675</u>
<u>Other financing sources (uses):</u>			
Proceeds from sale of fixed assets	4,626	-	4,626
Transfers in	-	18,091	18,091
Transfers out	(18,091)	-	(18,091)
Total other financing sources (uses)	<u>(13,465)</u>	<u>18,091</u>	<u>4,626</u>
Net change in fund balances	147,559	115,742	263,301
Fund balances at beginning of year	(138,967)	126,710	(12,257)
Fund balances at end of year	<u>\$ 8,592</u>	<u>\$ 242,452</u>	<u>\$ 251,044</u>

See accompanying notes to the basic financial statements.

Newbury Local School District
*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, 2004*

Net change in fund balances - total governmental funds	\$	263,301
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
In the current period, these amounts are:		
Capital asset additions	\$ 32,196	
Depreciation expense	(222,164)	
Excess of capital outlay over depreciation expense		(189,968)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal		
		(4,626)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:		
Property taxes	\$ 128,326	
Intergovernmental	2,550	
Net change in deferred revenues during the year		130,876
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		59,272
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in compensated absences	\$ (36,499)	
Increase in pension obligation	(112)	
Decrease in accrued interest	246	
Total additional expenditures		(36,365)
Change in net assets of governmental activities	\$	222,490

See accompanying notes to the basic financial statements.

Newbury Local School District
*Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual - General Fund
 For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 3,958,558	\$ 4,131,741	\$ 4,131,741	\$ -
Intergovernmental	1,805,300	1,856,734	1,856,734	-
Interest	15,000	14,079	14,079	-
Tuition and fees	8,500	18,676	35,863	17,187
Rent	1,500	2,670	2,670	-
Charges for services	60,240	61,677	61,677	-
Miscellaneous	22,500	21,768	21,768	-
Total revenues	5,871,598	6,107,345	6,124,532	17,187
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,301,607	3,322,596	3,338,641	(16,045)
Special	398,000	398,482	408,527	(10,045)
Vocational	40,800	36,957	41,063	(4,106)
Support services:				
Pupils	214,150	215,330	219,130	(3,800)
Instructional staff	177,239	178,988	178,988	-
Board of education	141,750	104,232	168,305	(64,073)
Administration	542,650	561,832	561,832	-
Fiscal	244,850	278,728	278,728	-
Operation and maintenance of plant	604,881	604,339	604,763	(424)
Pupil transportation	420,078	428,428	428,428	-
Central	36,500	45,662	45,662	-
Extracurricular activities	155,600	179,527	179,527	-
Total expenditures	6,278,105	6,355,101	6,453,594	(98,493)
Excess of revenues over (under) expenditures	(406,507)	(247,756)	(329,062)	(81,306)
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	-	32,316	33,216	900
Advances in	1,057	1,057	1,057	-
Advances out	-	(8,432)	(8,432)	-
Transfers out	(5,000)	(18,091)	(18,091)	-
Total other financing sources (uses)	(3,943)	6,850	7,750	900
Net change in fund balance	(410,450)	(240,906)	(321,312)	(80,406)
Fund balance at beginning of year	398,171	398,171	398,171	-
Prior year encumbrances appropriated	12,882	12,882	12,882	-
Fund balance at end of year	\$ 603	\$ 170,147	\$ 89,741	\$ (80,406)

See accompanying notes to the basic financial statements.

Newbury Local School District
Combined Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2004

	Agency
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 13,943
<u>Liabilities:</u>	
Due to general fund	\$ 687
Undistributed monies	3,011
Due to students	10,245
 Total liabilities	 \$ 13,943

See accompanying notes to the basic financial statements.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 1 - Description of the School District and Reporting Entity

Newbury Local School District (the School District) operates under a locally-elected Board form of government and provides educational services authorized by State and federal agencies. This Board controls the School District's 2 instructional/support facilities staffed by 35 non-certified employees, 61 certificated full time teaching personnel including 8 administrative employees to provide services to 772 students and other community members.

The School District was established in 1815 through the consolidation of existing land areas and school districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 25 square miles. It is located in Geauga County, including all of Newbury Township, Ohio. It currently operates one intermediate instructional building (grades 4, 5, and 6) and one administrative/instructional building (board offices and all other grades).

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Newbury Local School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District participates in six jointly governed organizations and an insurance purchasing pool. These organizations are the Auburn Career Center, the Lake Geauga Computer Association, the Newbury Joint Recreation Council, the East Shore Center, the East Shore Regional Transportation System, the Ohio Schools' Council and the Ohio School Plan. These organizations are discussed in Notes 16 and 17 to the basic financial statements.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (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 School District also applies Financial Accounting Standards Board (FASB) statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. The major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

B. Fund Accounting

The School 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. The funds of the School District are divided into two categories, governmental 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 general fund is the School District's only major governmental fund:

General Fund The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Fund Types Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are agency funds. The School District's agency funds are for future medical needs of employee's children and student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (e.g., revenues and other financing sources) and uses (e.g., 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.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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 and the statement presented for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange 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 School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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 year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School 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 year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2004, the School District's investments were limited to STAROhio, the State Treasurer's Investment Pool and repurchase agreements.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, 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 2004 amounted to \$12,879, which includes \$5,051 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund are amounts required by State statute to be set aside to create a reserve for budget stabilization and unspent resources restricted for the purchase of buses. See Note 19 for additional information regarding set-asides.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food.

I. Capital Assets

All capital assets of the School District are general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School 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>Estimated Lives</u>
Building and Improvements	10 - 99 years
Furniture and Equipment	5-10 years
Vehicles	10 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer 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 vesting method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on School District employees who are considered eligible or potentially eligible to retire.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have resigned or retired will be paid.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, claims and judgments, compensated absences and contractually required pension contributions 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 fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

M. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, budget stabilization and school bus purchase.

The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures. The reserve for property taxes represents taxes recognized as a revenue under generally accepted accounting principals but not available for appropriation under state statute.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include food service operations and extracurricular activities.

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

P. Estimates

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

Q. Budgetary Data

All funds, other than agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The School District Treasurer has been given the authority to allocate and maintain appropriations within each department. With this authority, the Treasurer can transfer appropriations within each fund during the year as necessary.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Note 3 – Accountability and Compliance

A. Accountability

Fund balances at June 30, 2004 included the following individual fund deficits:

Special Revenue Funds

Educational management information systems	\$ 1,963
Improving teacher quality	3,325

The special revenue fund deficits are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

B. Compliance

The following funds had final expenditures and encumbrances in excess of appropriations which is contrary to Section 5705.41, Revised Code:

Fund	Expenditures	Appropriations	Excess
General	\$ 6,453,594	\$ 6,355,101	\$ (98,493)
<i>Special Revenue</i>			
Food service	178,204	176,458	(1,746)
Auxiliary services	121,039	120,788	(251)
Educational management information systems	23,091	22,484	(607)
Disadvantaged pupil impact aid	9,754	9,242	(512)
Student reading intervention	7,258	6,127	(1,131)
Title I	96,863	96,852	(11)
Title VI	5,357	4,257	(1,100)

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

In addition, contrary to the Ohio Revised Code (ORC) 5705.41, during mid-year the miscellaneous state grants fund reported final expenditures, plus outstanding encumbrances, in excess of appropriations by \$27.

To prevent future violations, the School District has implemented procedures, which increase the monitoring of expenditures and obligations as compared to appropriations and appropriations as compared to certified estimated resources.

Note 4 - Budgetary Basis of Accounting

While the School District is 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, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual 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 GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$147,559
Net adjustment for revenue accruals	(192,242)
Net adjustment for expenditure accruals	(181,155)
Advance out	(8,432)
Adjustment for encumbrances	<u>(87,042)</u>
Budget Basis	<u><u>(\$321,312)</u></u>

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 5 - Deposits and Investments

State statutes classify monies held by the School 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 School 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.

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bill, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of 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, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in 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 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;

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School 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.

Undeposited Cash At year-end, the School District had \$50 in undeposited cash on hand which is included as part of “equity in pooled cash and cash equivalents.”

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, “Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements”.

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$20,697 and the bank balance was \$115,830. Of the bank balance:

1. \$110,425 was covered by federal depository insurance; and
2. \$5,405 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments GASB Statement No. 3 requires the School District's investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District invests in STAROhio, which is an unclassified investment that is not evidenced by securities that exist in physical or book entry form.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

	<u>Category 3</u>	<u>Fair Value</u>
<u>Categorized Investments</u>		
Repurchase agreements	\$ 214,626	\$ 214,626
<u>Noncategorized Investments</u>		
State Treasurer's Pool		181,780
Total Investments		<u>\$ 396,406</u>

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School 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, public utility and tangible personal (used in business) property located in the School District. Real property tax received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 tangible personal property received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax received during calendar year 2004 (other than public utility property) represents collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

The School District receives property taxes from Geauga County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half property tax payments collected by the County by June 30, 2004, are intended to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public property and tangible personal property taxes which are measurable as of June 30, 2004 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 revenue.

The amount available as an advance at June 30, 2004 was \$505,087 in the general fund, \$19,501 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2003 was \$317,271 in the general fund, \$12,818 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$147,319,920	89.48%	\$149,680,950	89.77%
Public Utility Personal	5,479,360	3.33%	5,453,370	3.27%
Tangible Personal Property	11,836,750	7.19%	11,605,203	6.96%
Total	\$164,636,030	100.00%	\$166,739,523	100.00%
 Tax rate per \$1,000 of assessed valuation	\$ 54.90		\$ 56.30	

Note 7 - Receivables

Receivables at June 30, 2004, consisted of taxes, intergovernmental grants, and interfund. 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. All receivables are expected to be collected within one year.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Intergovernmental receivables at June 30, 2004, are presented below:

<u>Governmental activities</u>	<u>Amount</u>
Food service	\$ 6,480
Student reading intervention	4,734
IDEA grant	17,934
Title I	9,818
Improving teacher quality	<u>2,420</u>
Total intergovernmental receivable	<u>\$ 41,386</u>

Note 8 - Interfund Balances

Interfund balances at June 30, 2004 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 7,745
Agency fund	<u>687</u>
Total	<u>\$ 8,432</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2004, all interfund loans outstanding are anticipated to be repaid in fiscal year 2005.

Note 9 - Interfund Transfers

Interfund transfers for the year ended June 30, 2004, consisted of the following:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 18,091

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2004</u>
Capital assets, not being depreciated:				
Land	\$ 248,900	\$ -	\$ -	\$ 248,900
Capital assets, being depreciated:				
Buildings	5,071,155	4,625	-	5,075,780
Furniture and equipment	1,069,394	27,571	(11,880)	1,085,085
Vehicles	697,918	-	(34,644)	663,274
Total capital assets, being depreciated	<u>6,838,467</u>	<u>32,196</u>	<u>(46,524)</u>	<u>6,824,139</u>
Less: Accumulated depreciation				
Buildings	(2,503,953)	(97,875)	-	(2,601,828)
Furniture and equipment	(750,873)	(58,374)	11,296	(797,951)
Vehicles	(339,653)	(65,915)	30,602	(374,966)
Total accumulated depreciation	<u>(3,594,479)</u>	<u>(222,164) *</u>	<u>41,898</u>	<u>(3,774,745)</u>
Total capital assets being depreciated, net	<u>3,243,988</u>	<u>(189,968)</u>	<u>(4,626)</u>	<u>3,049,394</u>
Governmental activities capital assets, net	<u>\$ 3,492,888</u>	<u>\$ (189,968)</u>	<u>\$ (4,626)</u>	<u>\$ 3,298,294</u>

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 134,926
Special	1,227
Support services:	
Pupil	1,376
Instructional staff	1,025
Administration	1,685
Fiscal	1,302
Operation and maintenance of plant	4,096
Pupil transportation	67,601
Operation of non-instructional services:	
Food service operations	4,419
Community services	720
Extracurricular activities	3,787
Total depreciation expense	\$ 222,164

Note 11 - Long Term Obligations

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Energy Conservation Bonds, 5.748%, Due December 2009	\$ 411,683	\$ -	\$ 59,272	\$ 352,411	\$ 62,728
Compensated absences	478,349	94,861	58,362	514,848	90,925
Total Long-term Liabilities	\$ 890,032	\$ 94,861	\$ 117,634	\$ 867,259	\$ 153,653

On July 1, 1999, the School District issued \$620,759 of House Bill 264 Energy Conservation Improvement Bonds at a rate of 5.748 percent for 10 years for various improvements in the School District. All bonds will be paid from property taxes.

The compensated absences will be paid from the general, auxiliary service, Title I and food service funds.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

The School District's overall legal debt margin was \$14,654,196 with an unvoted debt margin of \$166,740 at June 30, 2004.

Principal and interest requirements to retire the energy conservation bonds outstanding at June 30, 2004 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2005	\$ 62,728	\$ 19,368	\$ 82,096
2006	66,386	15,931	82,317
2007	70,257	12,007	82,264
2008	74,353	7,873	82,226
2009	78,687	3,459	82,146
Total	\$ 352,411	\$ 58,638	\$ 411,049

Note 12 - Risk Management

A. Property and Liability

The School 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. These risks are covered by commercial insurance purchased from independent third parties through the Ohio School Plan, a public entity insurance purchasing pool.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

B. Workers' Compensation

The School District is a member of the OSBA Workers' Compensation Group Rating Program (Program) established in April 1991. The program was created by the Ohio School Boards Association as a result of the Worker's Compensation group rating plan as defined in Section 4123.29 of the Ohio Revised Code. The group rating program allows school district to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers. Although, the School District's rate is provided by the Program, they are insured by the State's Workers' Compensation Program and remit their premiums to the State of Ohio.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 13 - 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 five to twenty days of vacation per year, depending upon length of service and hours worked. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Classified employees and administrators who earn vacation are paid for accumulated unused vacation time upon termination of employment. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to the number of annual work days per contract. Upon retirement, payment is made for fifty percent of the total sick leave accumulated up to a maximum of 75 days.

B. Health Care Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through OSC Life Insurance Group through Ohio Schools' Council. The School District has contracted with Medical Mutual to provide employee medical/surgical and dental benefits. The School District pays \$910.02 per family coverage and \$397.63 per single coverage per month which represents 90 percent of the family premium and 100 percent of the single premium for employees hired before July 1, 2002. The School District pays \$723.42 per family coverage and \$316.75 per single coverage per month which represents 90 percent of the family premium and 100 percent of the single premium for employees hired after July 1, 2002. These premiums cover medical/surgical and major medical portion of the insurance.

Note 14 - Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, annual cost-of-living adjustments, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For the fiscal year 2003, 8.17% was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$91,051, \$39,522, and \$49,463, respectively; 41% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$53,532, representing the unpaid contribution for fiscal year 2004, is recorded as an intergovernmental payable.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, disability, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers -Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site 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. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who became disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2004 plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2003, 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$426,950, \$307,515, and \$288,915, respectively; 83% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$70,620, representing the unpaid contribution for fiscal year 2004, is recorded as an intergovernmental payable. Contributions to the DC and Combined plans for fiscal year 2004 were \$76 made by the School District and \$6,909 made by the plan members.

C. Social Security System

Effective July 1, 1991, employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2004, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 - Postemployment Benefits

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Health care benefits are financed on a pay-as-you-go basis.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The retirement board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$32,842 during the 2004 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.1 billion at June 30, 2004. For the year ended June 30, 2004, the net health care costs paid by the STRS were \$268,739,000 and eligible benefit recipients totaled 111,853.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced 50% for those who apply. For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll.

In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$61,513, which includes a surcharge of \$12,332 during the 2004 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the SERS's net assets available for payment of health care benefits were \$300.8 million, at cost. The number of participants receiving health care benefits was approximately 62,000.

Note 16 - Jointly Governed Organizations

Auburn Career Center The Auburn Career Center is a joint vocational school district which is a jointly governed organization among eleven School Districts. Each participating school district appoints one member to the Auburn Career Center's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of Auburn Career Center is not dependent on the School District's continued participation. The School District did not make a contribution to the Auburn Career Center during fiscal year 2004. Financial information can be obtained from 8140 Auburn Road, Painesville, Ohio 44077.

Lake Geauga Computer Association The Lake Geauga Computer Association (the "LGCA") is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its 18 member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on Newbury Local School District's continued participation. The School District made payments totaling \$45,910 to the Lake Geauga Computer Association during fiscal year 2004. To obtain financial information, write to Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Newbury Joint Recreation Council The Newbury Joint Recreation Council (the “Council”) is a jointly governed organization. The School District appoints three members of the seven-member board. The purpose of the Council is to further athletic and recreational opportunities. The School District has made financial contributions to the Council in prior years, but not during fiscal year ended June 30, 2004. The School District’s degree of control is limited to its representation on the board. The Council’s continued existence is not dependent on the School District’s continued participation. To obtain financial information, write to Newbury Joint Recreation Board, Newbury Town Hall, Newbury, Ohio 44065.

East Shore Center The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school district. The degree of control exercised by any participating school district is limited to its representation of the governing board. East Shore Center is not accumulating significant resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. The School District did not make a contribution to East Shore Center during fiscal year 2004. Financial information can be obtained by writing the fiscal agent, Mentor Exempted Village School District, 6451 Center Street, Mentor, Ohio 44060.

East Shore Regional Transportation System The East Shore Regional Transportation System (the “ESRTS”) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the 16 member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by Newbury Local School District is limited to its representation on the governing board. The continued existence of ESRTA is not dependent on the School District’s continued participation. The School District did not make a contribution to East Shore Regional Transportation System during fiscal year 2004. To obtain financial information, write to Kirkland Board of Education, 9252 Chillicothe Road, Kirkland, Ohio 44094

Ohio Schools’ Council The Ohio Schools’ Council (OSC) is a jointly governed organization among ninety-one School Districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to member districts. Each district supports the OSC by paying an annual participation fee. The Council’s Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district limited to its representation on the Board. In fiscal year 2004, the School District paid \$350 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, Executive Secretary/Treasurer, Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council’s electric purchase program, which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimates are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund, which are not encumbered for its share of program administrative costs.

Note 17 - Insurance Purchasing Pool

Ohio School Plan The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and state 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

B. Litigation

The School District is not party to any legal proceedings.

Note 19 - Set asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount 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 year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2004, only the unspent portion of certain workers' compensation refunds continues to be set aside.

The following cash basis information describes the changes in the year-end set-aside amounts for textbooks, capital acquisition and budget stabilization. Disclosure of this information is required by the State statute.

	Textbook Instructional Materials Reserve	Capital Improvements Reserve	Budget Stabilization Reserve
Set-aside reserve balance as of June 30, 2003	\$ (538,391)	\$ -	\$ 31,149
Current year set-aside requirement	112,003	112,003	-
Qualified disbursements	<u>(130,410)</u>	<u>(244,942)</u>	<u>-</u>
Total	<u>\$ (556,798)</u>	<u>\$ (132,939)</u>	<u>\$ 31,149</u>
Set-aside reserve balance carried forward to future fiscal years	<u>\$ (556,798)</u>	<u>\$ -</u>	<u>\$ 31,149</u>
Set-aside reserve balance as of June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,149</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This amount may be used to reduce the set-aside requirement of future years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. These negative balances are therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$31,149.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 20 - State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Note 21 - Subsequent Event

On November 2, 2004 the voters of the School District approved a replacement and decrease tax levy for 4.89 mills. The levy will generate \$0.489 for each one hundred dollars of valuation for five years.

Combining Statements and Individual Fund Schedules

Combining Statements-Nonmajor Funds

Nonmajor Special Revenue Funds

The Special Revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purpose. Following is a description of the School District's nonmajor special revenue funds:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Special Trust Fund - This fund accounts for monies from local donations for the purpose of scholarships for students.

Uniform School Supplies Fund - This fund accounts for the purchase and sale of school supplies for use in the School District.

Public School Support Fund - This fund accounts for school site sales revenue and expenditures for assemblies and other activity costs.

Athletics/District Managed Fund - This fund accounts for gate receipts and other revenues from athletic events and costs (except supplemental coaching contracts) of the athletic program, including transportation.

Auxiliary Services Fund - This fund accounts for State grant monies that provide services and materials to pupils attending non-public schools within the School District.

Educational Management Information Systems Fund - This fund accounts for State monies which support the costs associated with the requirements of the management information system.

Disadvantaged Pupil Impact Aid Fund - This fund accounts for State monies received for disadvantaged pupil impact aid.

Data Communications Fund - 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.

SchoolNet Professional Development Fund - This fund accounts for State monies to assist staff in gaining knowledge of technology.

Ohio Reads Grant Fund - This fund accounts for State monies to improve reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public schools and costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads Program and for operating expenses associated with administering the program.

Combining Statements-Nonmajor Funds (continued)

Nonmajor Special Revenue Fund (continued)

Student Reading Intervention Fund - To account for revenues received from the state to be used to administer reading improvement programs.

Miscellaneous State Grants Fund - This fund accounts for State monies which support academic and enrichment programs for the student body.

IDEA Special Education Fund - This fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

Title I Fund - This fund accounts for Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

Title VI Fund - This fund accounts for monies which assist State and local educational agencies in the reform of elementary and secondary education.

Drug Free Schools Grant Fund - This fund accounts for Federal revenues which support the implementation of programs for drug abuse education and prevention.

Improving Teacher Quality Fund - To account for monies to hire additional classroom teachers in grades one through three, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants Fund - This fund accounts for various monies received through State agencies from the Federal government or directly from the Federal government which are not classified elsewhere.

Nonmajor Debt Service Fund

Bond Retirement Fund - This fund accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest.

Nonmajor Capital Projects Funds

Capital projects funds account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary funds.

Permanent Improvement Fund - This fund accounts for property taxes levied to be used for various capital improvements within the School District.

SchoolNet Plus Fund - This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

Newbury Local School District

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 117,761	\$ 50	\$ 108,616	\$ 226,427
Inventory held for resale	8,687	-	-	8,687
Materials and supplies inventory	991	-	-	991
Receivables:				
Intergovernmental	41,386	-	-	41,386
Taxes	-	83,368	140,110	223,478
Total assets	<hr/> <u>\$ 168,825</u>	<hr/> <u>\$ 83,418</u>	<hr/> <u>\$ 248,726</u>	<hr/> <u>\$ 500,969</u>
 <u>Liabilities and fund balance:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 6,949	\$ -	\$ -	\$ 6,949
Accrued wages	36,106	-	-	36,106
Interfund payable	7,745	-	-	7,745
Intergovernmental payable	391	-	-	391
Deferred revenue	3,349	83,368	120,609	207,326
Total liabilities	<hr/> <u>54,540</u>	<hr/> <u>83,368</u>	<hr/> <u>120,609</u>	<hr/> <u>258,517</u>
 <u>Fund balance:</u>				
Reserved for encumbrances	6,597	-	40,899	47,496
Reserved for property taxes	-	-	19,501	19,501
Unreserved:				
Undesignated, reported in:				
Special revenue funds	107,688	-	-	107,688
Debt service fund	-	50	-	50
Capital projects funds	-	-	67,717	67,717
Total fund balance	<hr/> <u>114,285</u>	<hr/> <u>50</u>	<hr/> <u>128,117</u>	<hr/> <u>242,452</u>
Total liabilities and fund balance	<hr/> <u>\$ 168,825</u>	<hr/> <u>\$ 83,418</u>	<hr/> <u>\$ 248,726</u>	<hr/> <u>\$ 500,969</u>

Newbury Local School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Taxes	\$ -	\$ 82,476	\$ 143,965	\$ 226,441
Intergovernmental	533,544	-	16,083	549,627
Tuition and fees	34,381	-	-	34,381
Extracurricular activities	66,803	-	-	66,803
Gifts and donations	2,500	-	-	2,500
Charges for services	136,310	-	-	136,310
Miscellaneous	8,334	-	-	8,334
Total revenues	<u>781,872</u>	<u>82,476</u>	<u>160,048</u>	<u>1,024,396</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	78,336	-	258	78,594
Special	210,064	-	-	210,064
Support services:				
Pupils	53,359	-	-	53,359
Instructional staff	8,986	-	-	8,986
Administration	261	-	-	261
Fiscal	-	-	2,491	2,491
Operation and maintenance of plant	-	-	82,831	82,831
Central	6,000	-	-	6,000
Operation of non-instructional services:				
Food service operations	174,064	-	-	174,064
Community services	123,205	-	-	123,205
Extracurricular activities	86,217	-	-	86,217
Capital outlay	10,496	-	7,700	18,196
Debt service:				
Principal retirement	-	59,272	-	59,272
Interest and fiscal charges	-	23,205	-	23,205
Total expenditures	<u>750,988</u>	<u>82,477</u>	<u>93,280</u>	<u>926,745</u>
Excess of revenues over (under) expenditures	<u>30,884</u>	<u>(1)</u>	<u>66,768</u>	<u>97,651</u>
<u>Other financing sources (uses):</u>				
Transfers in	18,091	-	-	18,091
Net change in fund balances	48,975	(1)	66,768	115,742
Fund balances at beginning of year	65,310	51	61,349	126,710
Fund balances at end of year	<u>\$ 114,285</u>	<u>\$ 50</u>	<u>\$ 128,117</u>	<u>\$ 242,452</u>

Newbury Local School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2004

	<u>Food Service</u>	<u>Special Trust</u>	<u>Uniform School Supplies</u>	<u>Public School Support</u>	<u>Athletics/ District Managed</u>
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 25,176	\$ 11	\$ 21,744	\$ 13,080	\$ 38,289
Inventory held for resale	8,687	-	-	-	-
Materials and supplies inventory	991	-	-	-	-
Receivables:					
Intergovernmental	6,480	-	-	-	-
Total assets	<u>\$ 41,334</u>	<u>\$ 11</u>	<u>\$ 21,744</u>	<u>\$ 13,080</u>	<u>\$ 38,289</u>
 <u>Liabilities and fund balance :</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 193	\$ -	\$ -	\$ -	\$ 1,299
Accrued wages	11,479	-	-	-	-
Interfund payable	-	-	-	-	121
Intergovernmental payable	166	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>11,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,420</u>
 <u>Fund balance:</u>					
Reserved for encumbrances	-	-	-	1,639	754
Unreserved:					
Undesignated, reported in:					
Special revenue funds	29,496	11	21,744	11,441	36,115
Total fund balance	<u>29,496</u>	<u>11</u>	<u>21,744</u>	<u>13,080</u>	<u>36,869</u>
Total liabilities and fund balance	<u>\$ 41,334</u>	<u>\$ 11</u>	<u>\$ 21,744</u>	<u>\$ 13,080</u>	<u>\$ 38,289</u>

<u>Auxiliary Services</u>	<u>Educational Management Information System</u>	<u>Disadvantaged Pupil Impact Aid</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Student Reading Intervention</u>
\$ 3,305	\$ -	\$ -	\$ -	\$ 1,307	\$ 459	\$ 362
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	4,734
<u>\$ 3,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,307</u>	<u>\$ 459</u>	<u>\$ 5,096</u>
\$ 1,781	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,935	-	-	-	-	-
-	-	-	-	-	-	-
-	28	-	-	-	-	-
-	-	-	-	-	-	3,349
<u>1,781</u>	<u>1,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,349</u>
679	-	-	-	-	-	-
845	(1,963)	-	-	1,307	459	1,747
<u>1,524</u>	<u>(1,963)</u>	<u>-</u>	<u>-</u>	<u>1,307</u>	<u>459</u>	<u>1,747</u>
<u>\$ 3,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,307</u>	<u>\$ 459</u>	<u>\$ 5,096</u>

(Continued)

Newbury Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Miscellaneous State Grants	IDEA Special Education	Title I	Title VI	Drug Free Schools Grant
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 86	\$ 9,469	\$ 4,257	\$ 7	\$ -
Inventory held for resale	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Receivables:					
Intergovernmental	-	17,934	9,818	-	-
Total assets	<u>\$ 86</u>	<u>\$ 27,403</u>	<u>\$ 14,075</u>	<u>\$ 7</u>	<u>\$ -</u>
<u>Liabilities and fund balance :</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ 3,676	\$ -	\$ -	\$ -
Accrued wages	-	7,813	9,116	-	-
Interfund payable	-	7,624	-	-	-
Intergovernmental payable	-	113	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>19,226</u>	<u>9,116</u>	<u>-</u>	<u>-</u>
<u>Fund balance:</u>					
Reserved for encumbrances	-	3,525	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds	86	4,652	4,959	7	-
Total fund balance	<u>86</u>	<u>8,177</u>	<u>4,959</u>	<u>7</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 86</u>	<u>\$ 27,403</u>	<u>\$ 14,075</u>	<u>\$ 7</u>	<u>\$ -</u>

Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 102	\$ 107	\$ 117,761
-	-	8,687
-	-	991
2,420	-	41,386
<u>\$ 2,522</u>	<u>\$ 107</u>	<u>\$ 168,825</u>

\$ -	\$ -	\$ 6,949
5,763	-	36,106
-	-	7,745
84	-	391
-	-	3,349
<u>5,847</u>	<u>-</u>	<u>54,540</u>

-	-	6,597
(3,325)	107	107,688
<u>(3,325)</u>	<u>107</u>	<u>114,285</u>
<u>\$ 2,522</u>	<u>\$ 107</u>	<u>\$ 168,825</u>

Newbury Local School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004*

	Food Service	Special Trust	Uniform School Supplies	Public School Support	Athletics/ District Managed
<u>Revenues:</u>					
Intergovernmental	\$ 67,196	\$ -	\$ -	\$ -	\$ -
Tuition and fees	-	-	34,381	-	-
Extracurricular activities	-	-	-	23,283	43,520
Gifts and donations	-	-	-	2,500	-
Charges for services	132,453	-	-	-	3,857
Miscellaneous	-	-	-	-	8,334
Total revenues	<u>199,649</u>	<u>-</u>	<u>34,381</u>	<u>25,783</u>	<u>55,711</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	-	31,443	3,151	-
Special	-	-	-	-	-
Support services:					
Pupils	-	-	-	-	-
Instructional staff	-	-	-	-	-
Administration	-	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services:					
Food service operations	174,064	-	-	-	-
Community services	-	-	-	-	-
Extracurricular activities	-	-	-	25,496	60,721
Capital outlay	8,375	-	-	-	-
Total expenditures	<u>182,439</u>	<u>-</u>	<u>31,443</u>	<u>28,647</u>	<u>60,721</u>
Excess of revenues over (under) expenditures	<u>17,210</u>	<u>-</u>	<u>2,938</u>	<u>(2,864)</u>	<u>(5,010)</u>
<u>Other financing sources (uses):</u>					
Transfers in	-	-	-	-	-
Net change in fund balances	17,210	-	2,938	(2,864)	(5,010)
Fund balances (deficit) at beginning of year	12,286	11	18,806	15,944	41,879
Fund balances (deficit) at end of year	<u>\$ 29,496</u>	<u>\$ 11</u>	<u>\$ 21,744</u>	<u>\$ 13,080</u>	<u>\$ 36,869</u>

<u>Auxiliary Services</u>	<u>Educational Management Information System</u>	<u>Disadvantaged Pupil Impact Aid</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Student Reading Intervention</u>
\$ 121,884	\$ 5,000	\$ 9,754	\$ 6,000	\$ 2,741	\$ 2,000	\$ 9,005
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>121,884</u>	<u>5,000</u>	<u>9,754</u>	<u>6,000</u>	<u>2,741</u>	<u>2,000</u>	<u>9,005</u>
-	-	-	-	3,130	1,541	-
-	-	9,711	-	-	-	7,258
-	21,653	-	-	-	-	-
-	-	-	-	-	-	-
-	261	-	-	-	-	-
-	-	-	6,000	-	-	-
-	-	-	-	-	-	-
118,198	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>118,198</u>	<u>21,914</u>	<u>9,711</u>	<u>6,000</u>	<u>3,130</u>	<u>1,541</u>	<u>7,258</u>
<u>3,686</u>	<u>(16,914)</u>	<u>43</u>	<u>-</u>	<u>(389)</u>	<u>459</u>	<u>1,747</u>
-	18,091	-	-	-	-	-
3,686	1,177	43	-	(389)	459	1,747
(2,162)	(3,140)	(43)	-	1,696	-	-
<u>\$ 1,524</u>	<u>\$ (1,963)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,307</u>	<u>\$ 459</u>	<u>\$ 1,747</u>

(Continued)

Newbury Local School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004*

	Miscellaneous State Grants	IDEA Special Education	Title I	Title VI	Drug Free Schools Grant
<u>Revenues:</u>					
Intergovernmental	\$ 804	\$ 150,413	\$ 109,296	\$ 5,364	\$ 2,685
Tuition and fees	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>804</u>	<u>150,413</u>	<u>109,296</u>	<u>5,364</u>	<u>2,685</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	718	-	-	-	1,680
Special	-	96,011	97,084	-	-
Support services:					
Pupils	-	26,944	-	4,257	505
Instructional staff	-	8,986	-	-	-
Administration	-	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services:					
Food service operations	-	-	-	-	-
Community services	-	3,407	-	1,100	500
Extracurricular activities	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>718</u>	<u>135,348</u>	<u>97,084</u>	<u>5,357</u>	<u>2,685</u>
Excess of revenues over (under) expenditures	<u>86</u>	<u>15,065</u>	<u>12,212</u>	<u>7</u>	<u>-</u>
<u>Other financing sources (uses):</u>					
Transfers in	-	-	-	-	-
Net change in fund balance	86	15,065	12,212	7	-
Fund balances (deficit) at beginning of year	-	(6,888)	(7,253)	-	-
Fund balances (deficit) at end of year	<u>\$ 86</u>	<u>\$ 8,177</u>	<u>\$ 4,959</u>	<u>\$ 7</u>	<u>\$ -</u>

Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 38,117	\$ 3,285	\$ 533,544
-	-	34,381
-	-	66,803
-	-	2,500
-	-	136,310
-	-	8,334
<u>38,117</u>	<u>3,285</u>	<u>781,872</u>
36,673	-	78,336
-	-	210,064
-	-	53,359
-	-	8,986
-	-	261
-	-	6,000
-	-	174,064
-	-	123,205
-	-	86,217
-	2,121	10,496
<u>36,673</u>	<u>2,121</u>	<u>750,988</u>
<u>1,444</u>	<u>1,164</u>	<u>30,884</u>
-	-	18,091
1,444	1,164	48,975
(4,769)	(1,057)	65,310
<u>\$ (3,325)</u>	<u>\$ 107</u>	<u>\$ 114,285</u>

Newbury Local School District

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2004

	<u>Permanent Improvement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 108,616	\$ -	\$ 108,616
Receivables:			
Taxes	<u>140,110</u>	<u>-</u>	<u>140,110</u>
Total assets	<u>\$ 248,726</u>	<u>\$ -</u>	<u>\$ 248,726</u>
 <u>Liabilities and fund balance :</u>			
 <u>Liabilities:</u>			
Deferred revenue	<u>\$ 120,609</u>	<u>\$ -</u>	<u>\$ 120,609</u>
 <u>Fund balance:</u>			
Reserved for encumbrances	40,899	-	40,899
Reserved for property taxes	19,501	-	19,501
Unreserved:			
Undesignated, reported in:			
Capital projects funds	<u>67,717</u>	<u>-</u>	<u>67,717</u>
Total fund balance	<u>128,117</u>	<u>-</u>	<u>128,117</u>
Total liabilities and fund balance	<u>\$ 248,726</u>	<u>\$ -</u>	<u>\$ 248,726</u>

Newbury Local School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004*

	<u>Permanent Improvement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues:</u>			
Taxes	\$ 143,965	\$ -	\$ 143,965
Intergovernmental	16,083	-	16,083
Total revenues	<u>160,048</u>	<u>-</u>	<u>160,048</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	-	258	258
Support services:			
Fiscal	2,491	-	2,491
Operation and maintenance of plant	82,831	-	82,831
Capital outlay	<u>7,700</u>	<u>-</u>	<u>7,700</u>
Total expenditures	<u>93,022</u>	<u>258</u>	<u>93,280</u>
Net change in fund balances	67,026	(258)	66,768
Fund balances at beginning of year	<u>61,091</u>	<u>258</u>	<u>61,349</u>
Fund balances at end of year	<u>\$ 128,117</u>	<u>\$ -</u>	<u>\$ 128,117</u>

*Individual Fund Schedules of Revenues, Expenditures and Changes in
Fund Balance – Budget (Non-GAAP Basis) and Actual
Governmental Funds – Nonmajor*

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

Food Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 47,715	\$ 47,715	\$ -
Charges for services	132,029	132,453	424
Total revenues	<u>179,744</u>	<u>180,168</u>	<u>424</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Food service operations	176,458	178,204	(1,746)
Net change in fund balance	3,286	1,964	(1,322)
Fund balance at beginning of year	22,851	22,851	-
Prior year encumbrances appropriated	315	315	-
Fund balance at end of year	<u>\$ 26,452</u>	<u>\$ 25,130</u>	<u>\$ (1,322)</u>

Special Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	11	11	-
Prior year encumbrances appropriated	-	-	-
Fund balance at end of year	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ -</u>

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 34,152	\$ 34,630	\$ 478
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	31,443	31,443	-
Net change in fund balance	2,709	3,187	478
Fund balance at beginning of year	18,557	18,557	-
Fund balance at end of year	<u>\$ 21,266</u>	<u>\$ 21,744</u>	<u>\$ 478</u>

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 23,283	\$ 23,283	\$ -
Gifts and donations	2,500	2,500	-
Total revenues	<u>25,783</u>	<u>25,783</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,183	3,183	-
Extracurricular activities	32,479	27,317	5,162
Total expenditures	<u>35,662</u>	<u>30,500</u>	<u>5,162</u>
Net change in fund balance	(9,879)	(4,717)	5,162
Fund balance at beginning of year	11,420	11,420	-
Prior year encumbrances appropriated	4,738	4,738	-
Fund balance at end of year	<u>\$ 6,279</u>	<u>\$ 11,441</u>	<u>\$ 5,162</u>

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

Athletics/District Managed Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 43,520	\$ 43,520	\$ -
Charges for services	3,856	3,857	1
Miscellaneous	7,586	7,586	-
Total revenues	<u>54,962</u>	<u>54,963</u>	<u>1</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	81,845	60,383	21,462
Excess of revenues over (under) expenditures	<u>(26,883)</u>	<u>(5,420)</u>	<u>21,463</u>
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	748	748	-
Advances in	121	121	-
Total other financing sources (uses)	<u>869</u>	<u>869</u>	<u>-</u>
Net change in fund balance	(26,014)	(4,551)	21,463
Fund balance at beginning of year	20,441	20,441	-
Prior year encumbrances appropriated	21,465	21,465	-
Fund balance at end of year	<u>\$ 15,892</u>	<u>\$ 37,355</u>	<u>\$ 21,463</u>

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

Auxiliary Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 121,884	\$ 121,884	\$ -
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Community services	120,788	121,039	(251)
Net change in fund balance	1,096	845	(251)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ 1,096</u>	<u>\$ 845</u>	<u>\$ (251)</u>

Educational Management Information Systems Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,000	\$ 5,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	22,223	22,830	(607)
Administration	261	261	-
Total expenditures	22,484	23,091	(607)
Excess of revenues over (under) expenditures	(17,484)	(18,091)	(607)
<u>Other financing sources (uses):</u>			
Transfers in	18,091	18,091	-
Net change in fund balance	607	-	(607)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ 607</u>	<u>\$ -</u>	<u>\$ (607)</u>

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

Disadvantaged Pupil Impact Aid Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 9,754	\$ 9,754	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	9,242	9,754	(512)
Net change in fund balance	512	-	(512)
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ 512	\$ -	\$ (512)

Data Communications Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 6,000	\$ 6,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central	6,000	6,000	-
Excess of revenues over (under) expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

SchoolNet Professional Development Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,741	\$ 2,741	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,130	3,130	-
Net change in fund balance	(389)	(389)	-
Prior Year Encumbrances Appropriated	1,696	1,696	-
Fund balance at end of year	<u>\$ 1,307</u>	<u>\$ 1,307</u>	<u>\$ -</u>

Ohio Reads Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,000	\$ 2,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,541	1,541	-
Net change in fund balance	459	459	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ 459</u>	<u>\$ 459</u>	<u>\$ -</u>

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

Student Reading Intervention Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 13,849	\$ 7,620	\$ (6,229)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	6,127	7,258	(1,131)
Net change in fund balance	7,722	362	(7,360)
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ 7,722</u>	<u>\$ 362</u>	<u>\$ (7,360)</u>

Miscellaneous State Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 804	\$ 804	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	718	718	-
Net change in fund balance	86	86	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ 86</u>	<u>\$ 86</u>	<u>\$ -</u>

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

IDEA Special Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 144,261	\$ 132,479	\$ (11,782)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	95,025	94,168	857
Support services:			
Pupils	27,188	26,944	244
Instructional staff	12,466	12,376	90
Operation of non-instructional services:			
Community services	3,880	3,821	59
Total expenditures	138,559	137,309	1,250
Excess of revenues over (under) expenditures	5,702	(4,830)	(10,532)
<u>Other financing sources (uses):</u>			
Advances in	7,624	7,624	-
Net change in fund balance	13,326	2,794	(10,532)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 13,326	\$ 2,794	\$ (10,532)

Title I

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 104,466	\$ 99,478	\$ (4,988)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	96,852	96,863	(11)
Net change in fund balance	7,614	2,615	(4,999)
Fund balance at beginning of year	1,641	1,641	-
Fund balance at end of year	\$ 9,255	\$ 4,256	\$ (4,999)

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

Title VI Fund			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 5,364	\$ 5,364	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	4,257	4,257	-
Operation of non-instructional services:			
Community services	-	1,100	(1,100)
Total expenditures	4,257	5,357	(1,100)
Net change in fund balance	1,107	7	(1,100)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 1,107	\$ 7	\$ (1,100)

Drug Free Schools Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,167	\$ 2,685	\$ (482)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,680	1,680	-
Support services:			
Pupils	505	505	-
Operation of non-instructional services:			
Community services	500	500	-
Total expenditures	2,685	2,685	-
Net change in fund balance	482	-	(482)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 482	\$ -	\$ (482)

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

Improving Teacher Quality Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 35,697	\$ 35,697	\$ -
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	36,380	36,278	102
Net change in fund balance	(683)	(581)	102
Fund balance at beginning of year	683	683	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 102</u>

Miscellaneous Federal Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,285	\$ 3,285	\$ -
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	2,228	2,121	107
Excess of revenues over (under) expenditures	1,057	1,164	107
<u>Other financing sources (uses):</u>			
Advances out	(1,057)	(1,057)	-
Net change in fund balance	-	107	107
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 107</u>	<u>\$ 107</u>

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

Bond Retirement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 82,476	\$ 82,476	\$ -
<u>Expenditures:</u>			
Debt service:			
Principal retirement	59,272	59,272	-
Interest and fiscal charges	23,205	23,205	-
Total expenditures	82,477	82,477	-
Net change in fund balance	(1)	(1)	-
Fund balance at beginning of year	51	51	-
Fund balance at end of year	\$ 50	\$ 50	\$ -

Newbury Local School District
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2004*

Permanent Improvement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 137,282	\$ 137,282	\$ -
Intergovernmental	16,083	16,083	-
Total revenues	<u>153,365</u>	<u>153,365</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Fiscal	2,491	2,491	-
Operation and maintenance of plant	169,551	131,431	38,120
Total expenditures	<u>172,042</u>	<u>133,922</u>	<u>38,120</u>
Net change in fund balance	(18,677)	19,443	38,120
Fund balance at beginning of year	10,465	10,465	-
Prior year encumbrances appropriated	37,808	37,808	-
Fund balance at end of year	<u>\$ 29,596</u>	<u>\$ 67,716</u>	<u>\$ 38,120</u>

SchoolNet Plus Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	258	258	-
Net change in fund balance	(258)	(258)	-
Fund balance at beginning of year	258	258	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement

Fiduciary Funds

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. The following is the School District's fiduciary fund type:

Agency Funds

Employee Benefits Fund - This fund accounts for monies withheld from employee's paychecks for future child health services purchased by the employee.

Student Managed Activities Fund - This fund reflects resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

Newbury Local School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2004

	Beginning Balance July 1, 2003	Additions	Deductions	Ending Balance June 30, 2004
Employee Benefits				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 3,567	\$ 12,838	\$ 13,394	\$ 3,011
<u>Liabilities:</u>				
Undistributed monies	\$ 3,567	\$ 12,838	\$ 13,394	\$ 3,011
Student Managed Activity				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 11,852	\$ 19,053	\$ 19,973	\$ 10,932
<u>Liabilities:</u>				
Due to general fund	\$ -	\$ 687	\$ -	\$ 687
Due to students	11,852	18,366	19,973	10,245
Total liabilities	\$ 11,852	\$ 19,053	\$ 19,973	\$ 10,932
Total All Agency Funds				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 15,419	\$ 31,891	\$ 33,367	\$ 13,943
<u>Liabilities:</u>				
Due to general fund	\$ -	\$ 687	\$ -	\$ 687
Undistributed monies	3,567	12,838	13,394	3,011
Due to students	11,852	18,366	19,973	10,245
Total liabilities	\$ 15,419	\$ 31,891	\$ 33,367	\$ 13,943

Newbury Local School District

Governmental Activities

Revenues by Source and Expenses by Function - Governmental Activities

Last Three Fiscal Years (1)

	2004	2003	2002
Revenues:			
Program revenues:			
Charges for services	\$ 343,366	\$ 346,695	\$ 296,266
Operating grants, contributions and interest	538,595	374,715	363,714
Capital grants and contributions	5,556	27,346	49,708
General revenues:			
Property taxes levied for general purposes	4,444,766	3,923,206	3,739,546
Property taxes levied for debt service	82,476	82,476	82,596
Property taxes levied for capital outlay	147,081	184,166	110,585
Grants and entitlements	1,865,446	1,755,801	1,712,723
Unrestricted contributions	-	-	525
Investment earnings	12,879	17,382	55,335
Miscellaneous	61,528	9,315	36,337
Total revenues	\$ 7,501,693	\$ 6,721,102	\$ 6,447,335
Expenses:			
Current:			
Instruction:			
Regular	\$ 3,386,040	\$ 3,333,966	\$ 3,231,699
Special	619,599	627,836	651,462
Vocational	30,922	55,270	55,889
Support services:			
Pupils	260,113	296,956	312,852
Instructional staff	187,342	218,958	158,852
Board of education	168,722	47,495	121,230
Administration	545,815	520,092	558,543
Fiscal	282,270	256,700	256,111
Business	-	1,063	1,435
Operation and maintenance of plant	654,271	802,690	669,286
Pupil transportation	506,046	519,832	545,094
Central	51,662	57,403	84,817
Operation of non-instructional services:			
Food service operations	173,956	188,578	198,853
Community services	124,160	157,060	165,618
Extracurricular activities	265,326	334,345	314,781
Interest and fiscal charges	22,959	26,183	29,322
Total expenditures	\$ 7,279,203	\$ 7,444,427	\$ 7,355,844

Source: School District financial records.

(1) Accrual basis will be reported for the last ten years when there are enough years of information available.

Newbury Local School District
General Governmental Revenues by Source and Expenditures by Function
Last Ten Fiscal Years (1)

	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
<u>Revenues:</u>				
Taxes	\$ 4,545,998	\$ 3,974,155	\$ 3,743,158	\$ 3,801,261
Intergovernmental	2,404,544	1,738,831	1,749,469	1,700,615
Interest	12,879	17,382	55,335	146,475
Tuition and fees	70,244	24,890	11,909	14,544
Extracurricular activities	66,803	-	-	-
Gifts and donations	2,500	27,346	525	1,125
Rent	2,670	1,825	-	-
Charges for services	197,987	31,190	28,145	27,050
Miscellaneous	67,192	2,061	24,062	18,594
Total revenues	<u>\$ 7,370,817</u>	<u>\$ 5,817,680</u>	<u>\$ 5,612,603</u>	<u>\$ 5,709,664</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	\$ 3,200,273	\$ 3,227,361	\$ 3,133,756	\$ 2,978,525
Special	616,267	444,287	503,086	443,584
Vocational	35,928	54,611	55,356	48,527
Other	-	-	-	-
Support services:				
Pupils	261,439	265,877	276,628	189,917
Instructional staff	185,416	187,903	156,446	141,977
Board of education	168,722	74,951	121,230	62,200
Administration	548,826	522,819	523,455	488,706
Fiscal	286,549	258,409	252,097	215,803
Business	-	1,063	1,435	2,131
Operation and maintenance of plant	650,373	626,002	676,810	705,558
Pupil transportation	432,382	455,826	570,849	407,046
Central	51,662	57,403	77,817	44,357
Operation of non-instructional services:				
Food service operations	174,064	-	-	-
Community services	123,205	2,902	-	-
Extracurricular activities	262,363	215,658	203,988	191,482
Capital outlay	32,196	57,537	-	-
Debt service:				
Principal retirement	59,272	-	-	-
Interest and fiscal charges	23,205	-	-	-
Total expenditures	<u>\$ 7,112,142</u>	<u>\$ 6,452,609</u>	<u>\$ 6,552,953</u>	<u>\$ 5,919,813</u>

Source: School District audit reports.

(1) 1995 was reported on a cash basis; 1996-2004 were reported on a GAAP basis using modified accrual basis of accounting.

(2) Includes other financing uses.

Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999	Fiscal Year Ended June 30, 1998	Fiscal Year Ended June 30, 1997	Fiscal Year Ended June 30, 1996	Fiscal Year Ended June 30, 1995
\$ 3,617,068	\$ 3,879,673	\$ 3,749,886	\$ 3,917,184	\$ 3,465,154	\$ 2,893,636
1,772,208	1,597,965	1,377,358	1,428,652	1,381,906	1,288,435
140,627	106,860	110,745	111,302	108,294	84,733
64,458	45,874	29,878	24,955	44,844	63,804
-	-	-	-	-	-
655	6,674	32,888	2,508	2,014	-
-	-	-	-	-	-
1,495	2,689	-	-	-	-
25,733	22,474	5,218	35,387	9,571	6,022
<u>\$ 5,622,244</u>	<u>\$ 5,662,209</u>	<u>\$ 5,305,973</u>	<u>\$ 5,519,988</u>	<u>\$ 5,011,783</u>	<u>\$ 4,336,630</u>

\$ 2,618,078	\$ 2,497,458	\$ 2,328,924	\$ 2,605,541	\$ 2,412,201	\$ 1,569,815
401,305	329,803	277,836	313,137	195,633	244,335
45,822	31,399	41,854	34,459	-	9,223
-	-	-	-	-	-
238,786	203,657	199,614	205,707	178,029	174,107
173,014	164,614	157,622	125,112	79,142	100,956
59,408	45,667	32,694	137,832	93,774	58,387
511,464	491,427	465,108	514,335	460,085	414,197
149,703	168,952	154,728	141,667	176,203	121,635
-	-	-	-	-	-
589,718	588,920	626,400	626,203	582,803	542,220
497,518	382,934	559,421	516,190	483,811	515,953
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
164,695	194,792	209,696	194,887	139,934	131,924
-	-	-	234,083	242,806	-
16,862	-	2,078	2,265	21,055	3,509
-	-	-	-	-	-
<u>\$ 5,466,373</u>	<u>\$ 5,099,623</u>	<u>\$ 5,055,975</u>	<u>\$ 5,651,418</u>	<u>\$ 5,065,476</u>	<u>\$ 3,886,261</u>

Newbury Local School District

*Property Tax Levies and Collections Real, Public Utility Tax and Tangible Personal Property (1)
Last Ten Calendar Years*

Year (2)	Total Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection as a Percent of Total Levy	Delinquent Taxes Receivable
2003	\$ 4,043,300	\$ 3,528,826	87.28%	\$ 153,416	\$ 3,682,242	91.07%	361,058
2002	5,036,275	4,277,179	84.93%	400,420	4,677,599	92.88%	358,676
2001	4,825,427	4,350,924	90.17%	106,567	4,457,491	92.38%	367,936
2000	4,674,162	4,250,663	90.94%	101,709	4,352,372	93.12%	321,790
1999	4,593,370	4,067,845	88.56%	178,492	4,246,337	92.44%	347,033
1998	4,660,823	4,096,132	87.88%	138,977	4,235,109	90.87%	425,714
1997	4,542,048	4,011,528	88.32%	132,906	4,144,434	91.25%	397,614
1996	4,630,382	4,069,767	87.89%	130,889	4,200,656	90.72%	429,726
1995	4,489,500	3,945,660	87.89%	170,108	4,115,768	91.68%	373,732
1994	4,297,288	3,756,226	87.41%	119,398	3,875,624	90.19%	421,664

Sources: Geauga County Auditor

Note: Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County.

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) Represents collection year 2003. 2004 information cannot be presented because all collections have not been made by June 30.

Newbury Local School District
Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Collection Years

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Market Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value
2004	\$ 149,680,950	\$ 427,659,857	\$ 5,453,370	\$ 6,197,011	\$ 11,605,203	\$ 46,420,812	\$ 166,739,523	\$ 480,277,681
2003	147,319,920	420,914,057	5,479,360	6,226,545	11,836,750	47,347,000	164,636,030	474,487,603
2002	133,495,680	381,416,229	5,400,690	6,137,148	13,501,770	54,007,080	152,398,140	441,560,456
2001	131,524,890	375,785,400	6,048,000	6,872,727	12,264,750	49,059,000	149,837,640	431,717,127
2000	128,589,730	367,399,229	6,132,380	6,968,614	12,645,100	50,580,400	147,367,210	424,948,242
1999	106,308,400	303,738,286	6,715,750	7,631,534	14,450,520	57,802,080	127,474,670	369,171,900
1998	104,101,180	297,431,943	6,837,170	7,769,511	13,687,130	54,748,520	124,625,480	359,949,974
1997	101,757,350	290,735,286	6,774,760	7,698,591	15,188,090	60,752,360	123,720,200	359,186,237
1996	91,254,450	260,727,000	7,031,240	7,990,045	13,559,180	54,236,720	111,844,870	322,953,765
1995	89,193,340	254,838,114	7,935,120	9,017,182	13,124,468	52,497,872	110,252,928	316,353,168

Source: Geauga County Auditor

Note: Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County.

- (1) Real estate value is assessed at 35% of appraised market value.
- (2) Public utility real property is assessed at 35% of true value; public utility tangible personal property is currently assessed at varying percentages of true value. The estimate above was calculated at 88%.
- (3) Tangible personal property is assessed at 25% of true value for capital assets and 23% of true value for inventory.

Newbury Local School District

Property Tax Rates - Direct and Overlapping Governments

(Per \$1,000 of Assessed Valuation)

Last Ten Calendar Years

Collection Year	School Levy	JVS	Newbury Township	Library	County Levy	Total Levy	Debt Service Included in total levy		
							County	Township	Total
2004	\$ 54.90	\$ 1.50	\$ 8.70	\$ 1.00	\$ 15.10	\$ 81.20	\$ -	\$ 0.30	\$ 0.30
2003	54.90	1.50	8.70	1.00	14.60	80.70	-	0.30	0.30
2002	55.15	1.50	9.00	1.00	14.40	81.05	-	0.30	0.30
2001	55.31	1.50	9.00	1.00	12.65	79.46	-	0.30	0.30
2000	55.31	1.50	9.00	1.00	12.45	79.26	-	0.30	0.30
1999	56.50	1.50	9.00	1.00	12.45	80.45	-	0.30	0.30
1998	56.50	1.50	9.00	1.00	12.45	80.45	-	0.30	0.30
1997	56.70	1.50	10.00	1.00	12.85	82.05	0.20	0.30	0.50
1996	57.80	1.50	10.00	1.00	10.85	81.15	0.30	0.30	0.60
1995	57.90	1.50	10.00	1.00	10.85	81.25	0.50	0.60	1.10

Source: Geauga County Auditor

Note: Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County.

Newbury Local School District

Computation of Legal Debt Margin

June 30, 2004

Assessed Valuation (2003) \$ 166,739,523

Bonded Debt Limit - 9% of Assessed Value (1) 15,006,557

Outstanding debt:

Energy Conservation Bonds 352,411

Less: Amount available in debt service fund (50)

Total outstanding debt \$ 352,361

Amount of debt applicable to debt limit 352,361

Voted Debt Margin \$ 14,654,196

Bonded Debt Limit - .10% of Assessed Value (1) \$ 166,740

Outstanding debt:

Energy Conservation Bonds 352,411

Less: Amount available in debt service fund (50)

Total outstanding debt \$ 352,361

Less exemptions:

Energy Conservation Bonds 352,411

Less: Amount available in debt service fund (50)

Total exemptions \$ 352,361

Amount of debt applicable to debt limit -

Unvoted Debt Margin \$ 166,740

Sources: Geauga County Auditor and School District financial records.

(1) Ohio Bond Law sets a limit of 9% of assessed value for voted debt and 1/10 of 1% for unvoted debt. All School District debt subject to the limitation is voted.

Newbury Local School District
*Ratio of Net General Obligation Bonded Debt to
 Assessed Value and Net General Obligation Bonded Debt Per Capita
 Last Ten Fiscal Years*

<u>Collection Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2004	\$ 352,361	\$ 166,739,523	5,805	0.21%	\$ 60.70
2003	411,683	164,636,030	5,805	0.25%	70.92
2002	467,690	152,398,140	5,805	0.31%	80.57
2001	520,612	149,837,640	5,805	0.35%	89.68
2000	570,618	147,367,210	6,059	0.39%	94.18
1999	-	127,474,670	5,997	0.00%	-
1998	-	124,625,480	5,925	0.00%	-
1997	-	123,720,200	5,823	0.00%	-
1996	-	111,844,870	5,745	0.00%	-
1995	17,688	110,252,928	5,653	0.02%	3.13

Sources: (1) School district financial records
 (2) Geauga County Auditor
 (3) U.S. Census Bureau, 2001 Federal census, 2000 Federal census

Newbury Local School District
*Ratio of Annual Debt Service Expenditures for
 General Obligation Bonded Debt to Total Governmental Expenditures
 Last Ten Fiscal Years (1)*

Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Governmental Expenditures (Percentages)
2004	\$ 59,272	\$ 23,205	\$ 82,477	\$ 7,112,142	1.16%
2003	56,007	26,454	82,461	6,452,609	1.28%
2002	52,922	29,582	82,504	6,552,953	1.26%
2001	50,006	32,538	82,544	5,919,813	1.39%
2000	70,141	33,192	103,333	5,466,373	1.89%
1999	20,000	1,850	21,850	5,099,623	0.43%
1998	20,000	3,250	23,250	5,055,975	0.46%
1997	20,000	4,550	24,550	5,651,418	0.43%
1996	20,000	5,850	25,850	5,065,476	0.51%
1995	25,000	7,281	32,281	3,886,261	0.83%

Sources: School District financial records.

(1) 1995 was reported on a cash basis; 1996-2004 were reported on a GAAP basis using modified accrual basis of accounting.

Newbury Local School District

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Newbury LSD Area Population (1)</u>	<u>Geauga County Population (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2004	5,805	93,941	772	5.8
2003	5,805	92,722	802	4.3
2002	5,805	91,804	791	3.7
2001	5,805	90,895	782	2.9
2000	6,059	89,598	761	2.8
1999	5,997	87,913	772	3.0
1998	5,925	86,054	773	3.5
1997	5,823	86,054	826	3.6
1996	5,745	84,260	839	3.8
1995	5,653	83,400	868	3.8

Source: (1) U.S. Census Bureau, 2001 Federal census, 2000 Federal census

(2) Estimated figure from Geauga County

(3) School District records

(4) Ohio Department of Unemployment Services

Newbury Local School District
Property Values, Bank Deposits and Construction
Last Ten Calendar Years

Year	Total Assessed Values	Certified Bank Deposits	Permits Issued Geauga County	Permits Issued Newbury Township
2003	\$ 166,739,523	\$ 236,414,000	\$ 36,578,422	\$ 2,356,045
2002	164,636,030	288,126,000	57,419,620	4,652,000
2001	152,398,140	255,568,000	59,559,600	4,301,473
2000	149,837,640	222,519,000	47,423,930	8,355,171
1999	147,367,210	249,478,000	47,227,640	7,599,292
1998	127,474,670	254,641,000	47,503,140	6,614,115
1997	124,625,480	222,203,000	38,142,850	5,683,467
1996	123,720,200	212,614,000	41,162,110	5,230,706
1995	111,844,870	194,409,000	35,438,050	7,702,412
1994	110,252,928	188,020,000	28,009,880	7,737,576

Sources:

- Total assessed value - Geauga County Auditor.
- Financial institution deposits - Cleveland Federal Reserve Board.
- Permits issued - Building department reports

Newbury Local School District
Principal Taxpayers

Top Taxpayers	Assessed Valuations				Percent of Total	Estimated Actual Valuations			
	Real Property	Tangible Personal	Public Utility	Total		Real Property	Tangible Personal	Public Utility	Total
St. Gobain Norton Industrial Ceramics Inc.	\$ -	\$ 5,112,710	\$ -	\$ 5,112,710	3.07%	\$ -	\$ 5,809,898	\$ -	\$ 5,809,898
Kinetico	2,351,840	1,595,500	-	3,947,340	2.37%	6,719,543	1,813,068	-	8,532,611
Cleveland Electric Illuminating Co.	-	-	2,591,070	2,591,070	1.55%	-	-	10,364,280	10,364,280
White Properties Ltd.	1,414,950	-	-	1,414,950	0.85%	4,042,714	-	-	4,042,714
Western Reserve Telephone Co.	-	-	1,376,750	1,376,750	0.83%	-	-	5,507,000	5,507,000
Little Acre Nursing Home	1,127,770	-	-	1,127,770	0.68%	3,222,200	-	-	3,222,200
Blaine and Janet Kaufman	627,950	-	-	627,950	0.38%	1,794,143	-	-	1,794,143
Newbury Kinsman LLC.	552,530	-	-	552,530	0.33%	1,578,657	-	-	1,578,657
Mill Run Properties	545,290	-	-	545,290	0.33%	1,557,971	-	-	1,557,971
Teague Brothers	518,150	-	-	518,150	0.31%	1,480,429	-	-	1,480,429
Total Top Ten Taxpayers	\$ 7,138,480	\$ 6,708,210	\$ 3,967,820	\$ 17,814,510	10.68%	\$ 20,395,657	\$ 7,622,966	\$ 15,871,280	\$ 43,889,903

Total All Assessed Valuations \$ 149,680,950 \$ 11,605,203 \$ 5,453,370 \$ 166,739,523 100.00%

Source: Geauga County Auditor

Newbury Local School District
Computation of Direct and Overlapping Bonded Debt
June 30, 2004

	<u>Assessed Valuation</u>	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping (2)</u>	<u>Amount Applicable Newbury Local School District</u>
Direct:				
Newbury Local School District	\$ 166,739,523	\$ 352,411	100.00%	\$ 352,411
Overlapping:				
Geauga County	2,622,026,340	<u>7,416,552</u>	6.36%	<u>471,632</u>
		<u>\$ 7,768,963</u>		<u>\$ 824,043</u>

Sources: Geauga County Auditor and Newbury Local School District

Note: Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County.

(1) Includes all general obligation bonds and notes at June 30, 2004.

(2) Overlapping percentages are calculated based on overlapping valuation and total entity valuation.

Newbury Local School District

Directory of School Facilities

June 30, 2004

<u>FACILITY</u>	<u>ADDRESS</u>	<u>PRINCIPAL</u>	<u>GRADES</u>
Newbury Junior/Senior High School	14775 Auburn Road Newbury, Ohio 44065	Mrs. Judy Miller	7-12
Newbury Elementary School	14775 Auburn Road Newbury, Ohio 44065	Mr. Robert Hope	K-6

Source: Newbury Local School District records.

Newbury Local School District

Miscellaneous Statistics

June 30, 2004

	<u>Fiscal Year Ended June 30, 2004</u>	<u>Fiscal Year Ended June 30, 2003</u>	<u>Fiscal Year Ended June 30, 2002</u>
Percent of Teachers With Bachelor Degree	100%	100%	100%
Percent of Teachers With Masters Degree	49%	52%	39%
Number of Teachers	50	55	53
Average Teacher Experience (yrs.)	17	16	15
Pupil Attendance Rate	95.00%	95.00%	96.00%
Graduation Rate	96.00%	96.00%	90.00%
Teacher Attendance Rate	96.70%	96.00%	96.00%
Annual Spending Per Pupil	\$ 8,950	\$ 8,918	N/A
Performance Index Score (1)	93.10%	93.10%	96.40%

Sources: Ohio Department of Education and School District records.

- (1) The Performance Index Score reflects the achievement of every tested student. The score is a weighted average of all tested subjects in grades 3, 4 and 6. The most weight is given to the advanced students (1.2), and the weights decrease for each performance level. This creates a scale of 0 to 120 points, with 100 being the goal. Looking at the Performance Index Score over time shows trends in district achievement.



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NEWBURY LOCAL SCHOOL DISTRICT

GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 9, 2005**