



**NEWBURY LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED JUNE 30, 2006**



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 10, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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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 the Newbury Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 27, 2006. 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 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 December 27, 2006, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

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 December 27, 2006, we reported another matter related to noncompliance we deemed immaterial.

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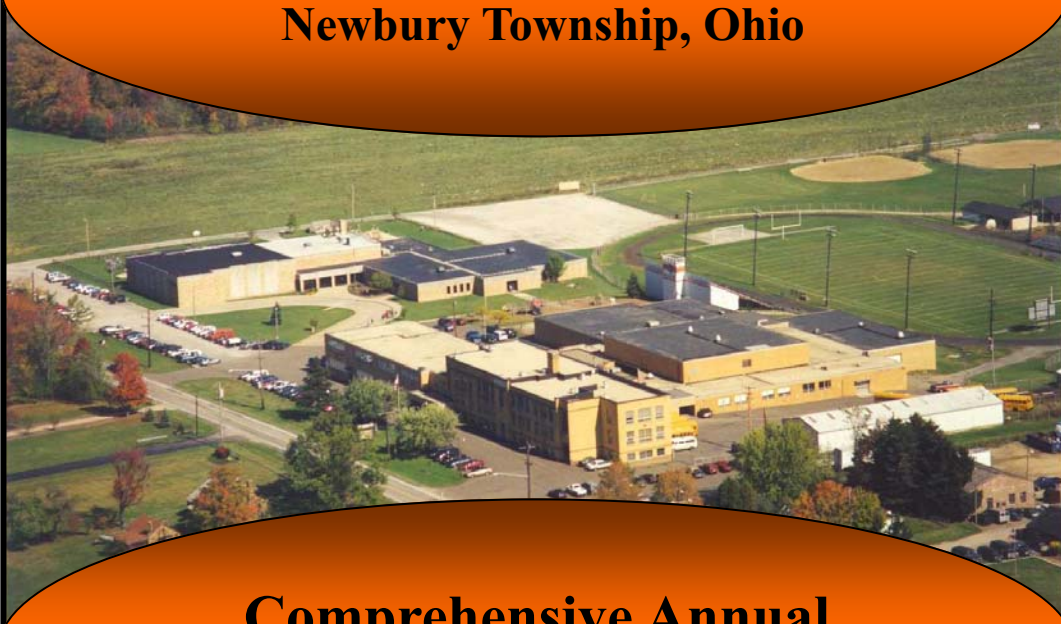
We intend this report solely for the information and use of the audit committee, management, and the Board of Education. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 27, 2006

Newbury Local School District
Newbury Township, Ohio



Comprehensive Annual
Financial Report

For the Fiscal Year Ended June 30, 2006

Newbury Local School District
Newbury Township, Ohio

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

Prepared By:
David Hoskin, Treasurer and
Treasurer's Office Staff

Newbury Local School District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2006

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Newbury Local School District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2006

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INTRODUCTORY SECTION



NEWBURY LOCAL SCHOOL DISTRICT

14775 Auburn Road • Newbury, OH 44065-9745

December 27, 2006

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, 2006. 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 non-major 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. This high school currently used to educate students in grades seven through twelve had several renovations the first in 1950 and the latest renovations were done in the 1970's. In 1960 the School District added an elementary school to educate students from kindergarten to sixth grade to the existing high school building. Later in 1972 the School District further expanded its campus in constructing a separate intermediate school building that is currently used to educate students in grades four through six. As of June 30, 2006, the School District had 734 students enrolled in its schools. Student enrollment has remained unchanged over the past four fiscal years any change would be nominal.

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 School District is an independent school district and is not reported as a component unit of any other entity.

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." 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 one insurance purchasing pools. 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 15 and 16 of the Basic Financial Statements.

A complete discussion of the School District's reporting entity is provided in Note 2 to the basic financial statements.

The School District offers comprehensive academic curriculum through a range of programs and services. These programs include; instructional, support services, non-instructional services, and extracurricular activities. The instructional programs provide; regular instruction from kindergarten through twelfth grade, special education for students with learning disabilities and other disabilities, and vocational education to train students for a career. Support services are divided into services that; directly support the instructional programs, provide administrative and fiscal activities, maintenance of buildings and grounds, and pupil transportation. Non-instructional services provide a food service operation for pupils and community activities. The extracurricular activities are designed to enhance the instructional experience for pupils and include student organizations and athletic activities.

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 5,885 and current assessed valuation of property within the township is \$181,164,950.

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, 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 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 \$1.8 million dollars, providing maintenance over 37 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 achieved an "Excellent" status based on the state of Ohio's Report Card by having met 22 of 25 standards and a performance index of 100.2 (2005-2006 data) including proficiency test scores, the Ohio Graduation test, attendance and graduation rates.

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

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 7 years at approximately \$327,400. 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. The Board of Education replaced approximately thirty computers during fiscal year 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. On November 2, 2005 voters approved a 1- mill reduction of the 4.9-mill levy.

The Newbury Local School District started a journey toward continuous improvement in 1998. Over the past eight 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. On January 12, 2006 a representative group consisting of teachers, administrators, faculty, staff, students, business and community leaders met at a one day retreat to develop the formal continuous plan and in February 2006 the Board of Education adopted the Plan.

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.

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.

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 capital 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 a temporary appropriation measure for that fiscal year. A 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 by October 1 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. 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 1 of the basic financial statements. Additional information on the School District's budgetary accounting can also be found in Note 1.

Financial Condition

This is the fifth 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 2006.

Cash Management

The Board 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, 2006, was \$85,486, of which \$82,555 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, 2006. 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, 2005. 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.

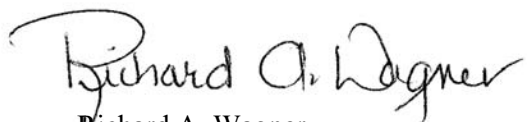
The preparation of this report would not have been possible without the assistance and support of the staff of the Treasurer's office, various administrators and staff members of the School District. Assistance from the County Auditor's staff and outside agencies made possible the fair presentation of 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, 2006

Board of Education

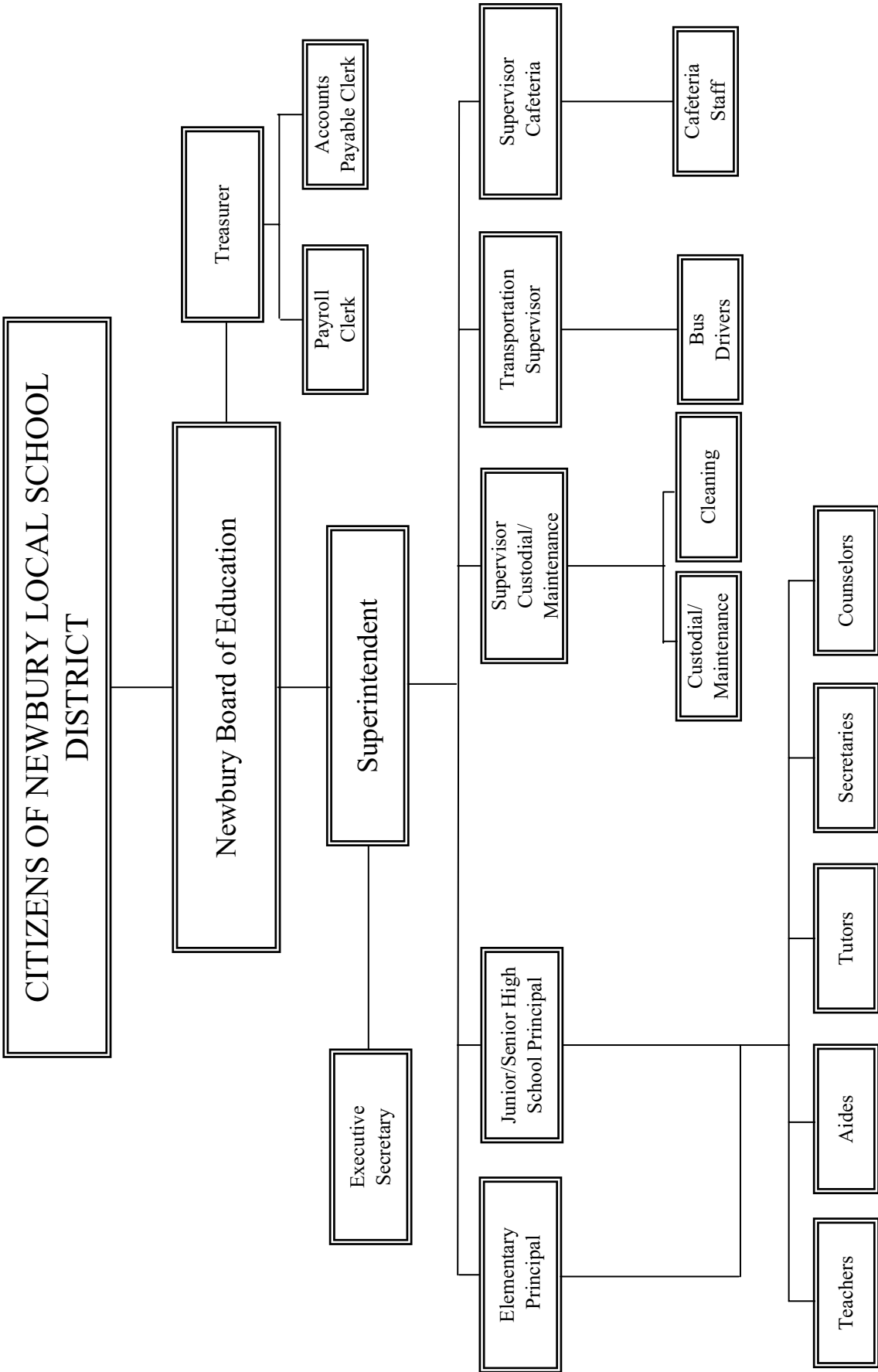
Mr. Kenneth Blair JrPresident
Mr. Larry Ayer..... Vice President
Mr. Richard Endres..... Member
Mr. L. Judd Douglas Member
Ms. Cathleen McBride..... Member

Treasurer

Mr. David M. Hoskin

Superintendent

Mr. Richard A Wagner



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, 2005

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.



President

Executive Director

FINANCIAL SECTION



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 the Newbury Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2006, 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 the Newbury Local School District, Geauga County, Ohio, as of June 30, 2006, 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 December 27, 2006, 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 nonmajor fund statements and schedules, and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor 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

December 27, 2006

Newbury Local School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2006
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, 2006. 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 2006 are as follows:

- In total, net assets of governmental activities decreased \$523,908, which represents a 10.9 percent decrease from 2005. Further analysis of this increase may be found on page five.
- Revenues for governmental activities totaled \$7,228,577 in 2006. Of this total, \$6,198,569 or 85.8 percent consisted of general revenues while program revenues accounted for the balance of \$1,030,008 or 14.2 percent.
- The School District had \$7,752,485 in expenses related to governmental activities; only \$1,030,008 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$6,198,569 helped to provide for these programs.
- Program expenses totaled \$7,752,485. Instructional expenses made up \$4,433,374 or 57.2 percent of this total while support services accounted for \$2,672,734 or 34.5 percent. Other expenses, \$646,377 rounded out the remaining 8.3 percent.
- Unrestricted net assets carried a balance of \$1,108,499, a decrease of \$501,520 from the prior year's balance of \$1,610,019. This component of net assets is primarily related to the activity of the general fund.
- Total assets of governmental activities increased \$403,314, which represents a 4.3 percent increase from 2005.

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, 2006
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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 Districts' activities are considered to be all governmental activities. All of the School District's programs and services are reported here including instruction, support services, 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 11. 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
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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 2006 compared to 2005:

Table 1
 Net Assets
 Governmental Activities

	2006	2005
Assets		
Current and other assets	\$ 6,537,540	\$ 6,277,056
Capital assets, net of depreciation	3,279,201	3,136,371
Total assets	9,816,741	9,413,427
Liabilities		
Other liabilities	4,896,035	3,830,899
Long-term liabilities:		
Due within one year	157,661	144,974
Due in more than one year	463,266	613,867
Total liabilities	5,516,962	4,589,740
Net Assets		
Invested in capital assets, net of debt	3,055,904	2,846,688
Restricted for:		
Capital projects	46,461	211,223
Set asides	31,149	31,149
Other purposes	57,766	124,608
Unrestricted	1,108,499	1,610,019
Total net assets	\$ 4,299,779	\$ 4,823,687

Total net assets decreased by \$523,908 during the fiscal year. Although total assets improved by \$403,314, liabilities rose at a greater rate increasing by \$927,222. This was largely due to deferred revenue increasing by \$916,252.

Capital assets, net of related debt reported on the government-wide statements represents a large component of net assets. Capital assets include land and improvements, buildings, furniture and equipment, vehicles, and books, which are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Newbury Local School District
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A portion of the School District's net assets, \$135,376, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$46,461 is restricted for capital projects, \$57,766, is restricted for other purposes and \$31,149 is restricted for set asides. Restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs, and for resources restricted for the operation of the School District's recreation center.

The vast majority of revenues supporting governmental activities were general revenues. General revenue totaled \$6,198,569 or 85.8 percent of total revenue. The most significant portion of the general revenue is local property tax which is 57.5 percent of total revenue and intergovernmental revenue (consisting of state foundation, homestead and rollback, and personal property tax exemption) which is 26 percent of total revenue. Interest income, contributions and miscellaneous revenue account for less than 3 percent of total revenue. The remaining amount of revenue received was in the form of program revenues, which equated \$1,030,008 or only 14.2 percent of total revenue.

Table 2 shows the changes in net assets for fiscal years 2006 and 2005.

Table 2
 Governmental Activities

	2006	2005	
Program Revenues			
Charges for services	\$ 476,743	\$ 513,070	
Operating grants and contributions	548,593	605,249	
Capital grants and contributions	4,672	4,937	
Total program revenues	1,030,008	1,123,256	
General Revenues			
Property taxes	\$ 4,157,753	\$ 5,927,997	
Grants and entitlements	1,875,813	1,780,910	
Contributions to permanent fund			
Investment earnings	85,486	25,404	
Contributions and donations			
Miscellaneous	79,517	30,946	
Total general revenues	6,198,569	7,765,257	
Total revenues	7,228,577	8,888,513	

(Continued)

Newbury Local School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2006
Unaudited

Table 2
 Governmental Activities (Continued)

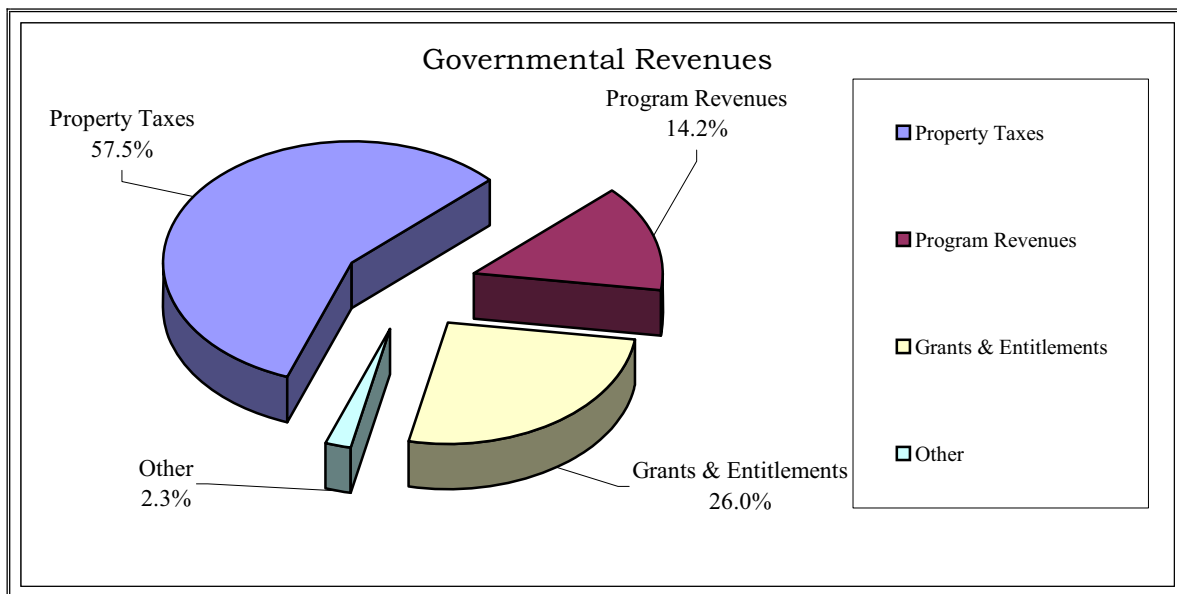
	2006	2005
Program Expenses		
Instruction:		
Regular	3,644,167	3,208,034
Special	738,817	643,295
Vocational	36,455	37,886
Other	13,935	-
Support services:		
Pupils	365,395	262,441
Instructional staff	153,887	131,079
Board of education	64,246	115,438
Administration	548,657	497,880
Fiscal	267,269	261,896
Operation and maintenance of plant	645,645	576,065
Pupil transportation	568,081	469,591
Central	59,554	55,777
Operation non-instructional services	326,623	342,806
Extracurricular activities	304,141	235,873
Interest and fiscal charges	15,613	19,340
<i>Total Program Expenses</i>	<u>7,752,485</u>	<u>6,857,401</u>
Change in net assets	(523,908)	2,031,112
Net assets beginning of year	4,823,687	2,792,575
<i>Net Assets End of Year</i>	<u>\$ 4,299,779</u>	<u>\$ 4,823,687</u>

Expenses increased \$895,084 or 13.1 percent in 2006 as compared to 2005. This was mainly due to a net increase of \$544,159 in expenses related to instructional services. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. Regular expenses, a component of instruction were a large contributor with an increase of \$436,133 from the prior year. This increase was primarily due to an increase of costs associated with the increase of staff to provide for the pupils. During the same period, revenues decreased significantly by \$1,659,936 or 18.7 percent. This decrease was due to an increase in uncollected property tax revenue.

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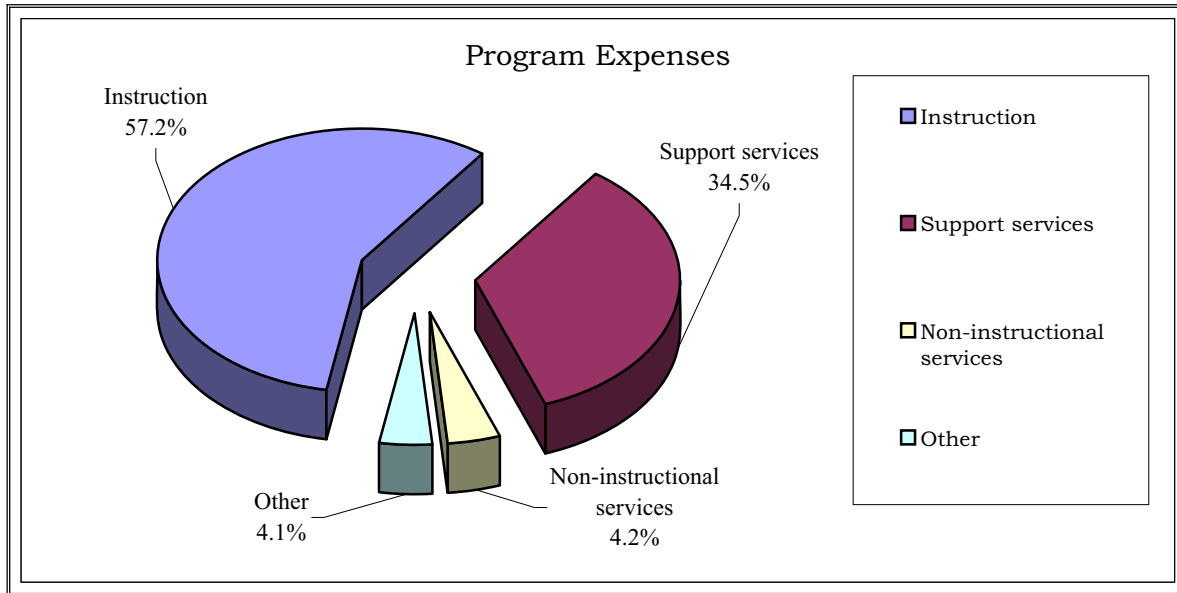
Governmental Activities

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. Property taxes made up 57.5 percent of revenues for governmental activities for the School District in fiscal year 2006. 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.



Instruction comprises 57.2 percent of governmental program expenses. Additional supporting services for pupils, staff and business operations encompassed an additional 34.5 percent. The remaining 8.3 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.

Newbury Local School District
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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 2006	Total Cost of Services 2005	Net Cost of Services 2006	Net Cost of Services 2005
Program Expenses				
Instruction:				
Regular	\$ 3,644,167	\$ 3,208,034	\$ (3,389,908)	\$ (2,998,935)
Special	738,817	643,295	(525,886)	(270,724)
Vocational	36,455	37,886	(36,455)	(37,886)
Other	13,935	-	-	-
Support services:				
Pupils	365,395	262,441	(347,102)	(217,865)
Instructional staff	153,887	131,079	(138,477)	(124,598)
Board of education	64,246	115,438	(64,246)	(115,438)
Administration	548,657	497,880	(511,234)	(497,880)
Fiscal	267,269	261,896	(267,269)	(261,896)
Operation and maintenance of plant	645,645	576,065	(644,454)	(576,065)
Pupil transportation	568,081	469,591	(563,409)	(464,654)
Central	59,554	55,777	(53,554)	(49,777)
Operation non-instructional services:				
Food service operations	201,381	209,460	(14,761)	(20,114)
Community services	125,242	133,346	18,647	4,712
Extracurricular activities	304,141	235,873	(168,756)	(83,685)
Interest and fiscal charges	15,613	19,340	(15,613)	(19,340)
Total	<u>\$ 7,752,485</u>	<u>\$ 6,857,401</u>	<u>\$ (6,722,477)</u>	<u>\$ (5,734,145)</u>

The dependence upon tax revenues for governmental activities is apparent. The net cost of the programs of \$6,722,477 was supported by mostly by property taxes. Program revenues totaled \$1,030,008 accounting for 14.2 percent of all governmental expenses. Program revenues include charges for services, grants and contributions that are program specific. The community, as a whole, is the primary support for Newbury Local School District students.

Newbury Local School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2006
Unaudited

The School District's Funds

The fund financial statements, for the School District's major fund starts on page 16. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,272,782 and expenditures of \$8,033,547. The net change in fund balance for the fiscal year was most significant in the general fund, a decrease of \$544,409 due to an overall increase in expenditures and a decrease in revenues. The School District despite the overall decrease in total revenues has 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. 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 57.7 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 2006, the School District amended its general fund budget several times; however this amendment was not significant. Budget revisions are presented to the Board of Education for approval. For the general fund, the final budget basis revenue was \$6,889,726 representing a modest increase of \$87,837 increase from the original budget estimate of \$6,801,889. Most of this difference is due to an increase in property tax. Actual revenue for the general fund was \$7,140,395 an increase of \$250,669 from the final budget estimate. This increase was mainly attributed to an increase in property taxes as well as intergovernmental revenue. Intergovernmental revenue fluctuates year to year and is budgeted on a conservative basis to avoid overestimating revenue. The School District's general fund unencumbered cash balance at the end of the fiscal year was \$1,151,168. As of June 30, 2006, the amount of expenditures plus encumbrances fell short of appropriations by \$61,517 or 0.9% of final appropriations.

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 2006, the School District had \$3,279,201 invested in land, buildings, equipment and vehicles. Table 4 shows fiscal year 2006 values compared to 2005.

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

	Governmental Activities	
	2006	2005
Land	\$ 248,900	\$ 248,900
Land improvements	70,435	9,212
Buildings and improvements	2,425,394	2,376,396
Furniture and equipment	310,887	276,294
Vehicles	223,585	225,569
Total capital assets	\$ 3,279,201	\$ 3,136,371

All capital assets, except land, are reported net of depreciation. As one can see, the most significant change in capital assets during the fiscal year occurred in land improvements, buildings and improvements and furniture and equipment. The additions in these asset classes were greater than the year's offsetting depreciation. Additional information on capital assets can be found in Note 8.

Debt

At June 30, 2006, the School District had \$223,297 in energy conservation bonds outstanding with \$70,257 due within one year. At June 30, 2006, the School District's overall legal debt margin was \$16,081,556 with an unvoted debt margin of \$181,165. 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 10.

Newbury Local School District
Management's Discussion and Analysis
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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.

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.

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, 2006

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 1,400,444
Inventory held for resale	6,288
Materials and supplies inventory	14,902
<u>Receivables:</u>	
Accounts	17,380
Intergovernmental	18,537
Taxes	5,071,502
Accrued interest	3,417
Prepaid items	5,070
<u>Capital assets:</u>	
Land	248,900
Depreciable capital assets, net	3,030,301
Total capital assets	<u>3,279,201</u>
Total assets	<u>9,816,741</u>
 <u>Liabilities:</u>	
Accounts payable	22,305
Accrued wages	488,920
Matured compensated absences payable	62,791
Intergovernmental payable	180,597
Undistributed money	2,050
Accrued interest payable	1,070
Deferred revenue	4,138,302
<u>Long-term liabilities:</u>	
Due within one year	157,661
Due in more than one year	463,266
Total liabilities	<u>5,516,962</u>
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	3,055,904
<u>Restricted for:</u>	
Capital projects	46,461
Set asides	31,149
Other purposes	57,766
Unrestricted	<u>1,108,499</u>
Total net assets	<u>\$ 4,299,779</u>

See accompanying notes to the basic financial statements.

Newbury Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 3,644,167	\$ 215,189	\$ 39,070	\$ -	\$ (3,389,908)
Special	738,817	-	212,931	-	(525,886)
Vocational	36,455	-	-	-	(36,455)
Other	13,935	-	13,935	-	-
Support services:					
Pupils	365,395	-	18,293	-	(347,102)
Instructional staff	153,887	-	15,410	-	(138,477)
Board of education	64,246	-	-	-	(64,246)
Administration	548,657	-	37,423	-	(511,234)
Fiscal	267,269	-	-	-	(267,269)
Operation and maintenance of plant	645,645	-	1,191	-	(644,454)
Pupil transportation	568,081	-	-	4,672	(563,409)
Central	59,554	-	6,000	-	(53,554)
Operation of non-instructional services:					
Food service operations	201,381	126,169	60,451	-	(14,761)
Comunnity services	125,242	-	143,889	-	18,647
Extracurricular activities	304,141	135,385	-	-	(168,756)
Interest and fiscal charges	15,613	-	-	-	(15,613)
Total governmental activities	<u>\$ 7,752,485</u>	<u>\$ 476,743</u>	<u>\$ 548,593</u>	<u>\$ 4,672</u>	<u>(6,722,477)</u>

General Revenues:

Property taxes levied for:

General purposes	3,963,103
Debt service	81,274
Capital outlay	113,376
Grants and entitlements not restricted to specific programs	1,875,813
Investment earnings	85,486
Miscellaneous	79,517
Total general revenues	<u>6,198,569</u>
Change in net assets	(523,908)
Net assets beginning of year	4,823,687
Net assets end of year	<u>\$ 4,299,779</u>

See accompanying notes to the basic financial statements.

Newbury Local School District

Balance Sheet

Governmental Funds

June 30, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 1,167,665	\$ 183,686	\$ 1,351,351
Inventory held for resale	-	6,288	6,288
Materials and supplies inventory	13,870	1,032	14,902
Receivables:			
Accounts	17,380	-	17,380
Intergovernmental	-	18,537	18,537
Accrued interest	3,417	-	3,417
Interfund	43,185	-	43,185
Taxes	4,916,446	155,056	5,071,502
Prepaid items	5,070	-	5,070
Equity in pooled cash and cash equivalents (restricted)	49,093	-	49,093
Total assets	<u>\$ 6,216,126</u>	<u>\$ 364,599</u>	<u>\$ 6,580,725</u>
 <u>Liabilities and fund balances:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 17,246	\$ 5,059	\$ 22,305
Accrued wages	449,391	39,529	488,920
Matured compensated absences payable	52,571	10,220	62,791
Interfund payable	-	43,185	43,185
Intergovernmental payable	162,342	18,255	180,597
Deferred revenue	4,172,796	143,601	4,316,397
Undistributed monies	2,050	-	2,050
Total liabilities	<u>4,856,396</u>	<u>259,849</u>	<u>5,116,245</u>
 <u>Fund balances:</u>			
Reserved for encumbrances	50,620	75,165	125,785
Reserved for property taxes	743,650	23,129	766,779
Reserved for bus purchases	17,944	-	17,944
Reserved for budget stabilization	31,149	-	31,149
Unreserved,			
Undesignated, reported in:			
General fund	516,367	-	516,367
Special revenue funds	-	(7,105)	(7,105)
Debt service fund	-	7	7
Capital projects funds	-	13,554	13,554
Total fund balances	<u>1,359,730</u>	<u>104,750</u>	<u>1,464,480</u>
Total liabilities and fund balances	<u>\$ 6,216,126</u>	<u>\$ 364,599</u>	<u>\$ 6,580,725</u>

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, 2006*

Total governmental fund balances		\$ 1,464,480
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.		3,279,201
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 166,421	
Intergovernmental	<u>11,674</u>	
		178,095
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	\$ (223,297)	
Compensated absences	(397,630)	
Accrued interest payable	<u>(1,070)</u>	
Total		<u>(621,997)</u>
Net assets of governmental activities		<u><u>\$ 4,299,779</u></u>

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, 2006

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property taxes	\$ 3,999,786	\$ 195,783	\$ 4,195,569
Intergovernmental	1,864,185	570,874	2,435,059
Interest	82,555	2,931	85,486
Tuition and fees	171,461	33,328	204,789
Extracurricular activities	26,855	78,720	105,575
Gifts and donations	-	407	407
Charges for services	33,447	126,169	159,616
Miscellaneous	79,517	6,764	86,281
Total revenues	<u>6,257,806</u>	<u>1,014,976</u>	<u>7,272,782</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,510,825	79,464	3,590,289
Special	499,934	244,850	744,784
Vocational	38,454	-	38,454
Other	-	13,935	13,935
Support services:			
Pupils	326,425	32,623	359,048
Instructional staff	137,616	16,009	153,625
Board of education	64,246	-	64,246
Administration	508,709	43,622	552,331
Fiscal	259,464	1,926	261,390
Operation and maintenance of plant	599,167	33,928	633,095
Pupil transportation	504,338	-	504,338
Central	53,554	6,000	59,554
Operation of non-instructional services:			
Food service operations	-	200,064	200,064
Community services	-	124,521	124,521
Extracurricular activities	206,235	94,202	300,437
Capital outlay	75,209	275,910	351,119
Debt service:			
Principal retirement	-	66,386	66,386
Interest and fiscal charges	-	15,931	15,931
Total expenditures	<u>6,784,176</u>	<u>1,249,371</u>	<u>8,033,547</u>
Excess of revenues over (under) expenditures	<u>(526,370)</u>	<u>(234,395)</u>	<u>(760,765)</u>
<u>Other financing sources (uses):</u>			
Transfers in	-	18,039	18,039
Transfers out	(18,039)	-	(18,039)
Total other financing sources (uses)	<u>(18,039)</u>	<u>18,039</u>	<u>-</u>
Net change in fund balances	(544,409)	(216,356)	(760,765)
Fund balances at beginning of year	1,904,139	321,106	2,225,245
Fund balances at end of year	<u>\$ 1,359,730</u>	<u>\$ 104,750</u>	<u>\$ 1,464,480</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, 2006*

Net change in fund balances - total governmental funds	\$	(760,765)
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	\$ 351,119	
Depreciation expense	<u>(208,289)</u>	
Excess of capital outlay over depreciation expense		142,830
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	\$ (37,817)	
Intergovernmental	<u>(6,388)</u>	
Net change in deferred revenues during the year		(44,205)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		66,386
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:		
Decrease in compensated absences	\$ 71,528	
Decrease in accrued interest	<u>318</u>	
Total additional expenditures		<u>71,846</u>
Change in net assets of governmental activities	\$	<u>(523,908)</u>

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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 4,772,945	\$ 4,824,198	\$ 4,931,351	\$ 107,153
Intergovernmental	1,837,662	1,830,566	1,864,185	33,619
Interest	30,000	72,300	79,138	6,838
Tuition and fees	93,882	93,882	172,638	78,756
Extracurricular activities	27,000	27,000	26,855	(145)
Charges for services	10,400	10,400	33,447	23,047
Miscellaneous	30,000	31,380	32,781	1,401
Total revenues	<u>6,801,889</u>	<u>6,889,726</u>	<u>7,140,395</u>	<u>250,669</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,571,646	3,409,833	3,437,655	(27,822)
Special	478,054	542,235	558,354	(16,119)
Vocational	38,726	38,726	38,203	523
Support services:				
Pupils	264,101	322,404	321,859	545
Instructional staff	155,537	155,537	137,766	17,771
Board of education	161,045	86,358	58,397	27,961
Administration	505,315	507,315	499,698	7,617
Fiscal	265,868	270,618	256,876	13,742
Business	1,100	1,100	-	1,100
Operation and maintenance of plant	464,123	639,372	599,097	40,275
Pupil transportation	464,881	550,477	556,968	(6,491)
Central	62,540	62,540	54,320	8,220
Extracurricular activities	196,188	196,188	201,993	(5,805)
Total expenditures	<u>6,629,124</u>	<u>6,782,703</u>	<u>6,721,186</u>	<u>61,517</u>
Excess of revenues over (under) expenditures	<u>172,765</u>	<u>107,023</u>	<u>419,209</u>	<u>312,186</u>
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	-	15,825	31,626	15,801
Advances in	30,530	30,530	30,532	2
Advances out	(10,000)	(45,000)	(43,185)	1,815
Transfers out	(25,750)	(25,750)	(18,039)	7,711
Total other financing sources (uses)	<u>(5,220)</u>	<u>(24,395)</u>	<u>934</u>	<u>25,329</u>
Net change in fund balance	167,545	82,628	420,143	337,515
Fund balance at beginning of year	678,727	678,727	678,727	-
Prior year encumbrances appropriated	52,298	52,298	52,298	-
Fund balance at end of year	<u>\$ 898,570</u>	<u>\$ 813,653</u>	<u>\$ 1,151,168</u>	<u>\$ 337,515</u>

See accompanying notes to the basic financial statements.

Newbury Local School District
Combined Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2006

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 14,243
	<hr/>
<u>Liabilities:</u>	
Undistributed monies	\$ 6,049
Due to students	8,194
	<hr/>
Total liabilities	\$ 14,243
	<hr/>

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, 2006

Note 1 – 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 effect of interfund activity, within governmental type activities columns has been removed from these statements.

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.

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.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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, collections for field trips 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, 2006

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 5). 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, 2006, but which were levied to finance fiscal year 2007 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.

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

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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 basic financial statements.

During fiscal year 2006, the School District's investments were limited to STAROhio, the State Treasurer's Investment Pool and repurchase agreements.

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 18 for additional information regarding set-asides.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, 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.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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.

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 termination 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.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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.

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.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Q. Budgetary Data

All funds, other than agency funds, 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.

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 fiscal year.

Note 2 – Description of the School District and Reporting Entity

A. Description of the School District

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 two instructional/support facilities staffed by 35 non-certified employees, 66 certificated full time teaching personnel including 11 administrative employees to provide services to 734 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).

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

B. 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 15 and 16 to the basic financial statements.

Note 3 - 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).

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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	(\$544,409)
Net adjustment for revenue accruals	914,215
Advance in	30,532
Net adjustment for expenditure accruals	128,579
Advance out	(43,185)
Adjustment for encumbrances	<u>(65,589)</u>
Budget Basis	<u>\$420,143</u>

Note 4 - 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.

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;

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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;
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 fiscal 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."

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, the carrying amount of the School District's deposits was \$ 356,609. The School District's bank balance of \$439,776 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department and not in the School District's name	\$ 229,776
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Investments

As of June 30, the School District had the following investments, ratings and maturities:

Investment type	Fair Value	Maturity	Rating
Repurchase agreements	\$ 184,681	Daily	N/A ⁽¹⁾
STAROhio	873,347	N/A	AAAm
	\$ 1,058,028		

⁽¹⁾ Underlying securities are exempt.

⁽²⁾ Standard and Poor's rating.

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, 2006.

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 2006 amounted to \$82,555, which includes \$15,264 assigned from other School District funds.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$184,681 investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAROhio an AAAM rating. The School District's investment policy requires certain credit ratings for some investments as explained above.

Note 5 - 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 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Tangible personal property tax received during calendar year 2006 (other than public utility property) represents collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. 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.

The School District receives property taxes from Geauga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half property tax payments collected by the County by June 30, 2006, are intended to finance fiscal year 2006 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, 2006 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, 2006 was \$743,650 in the general fund and \$23,129 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2005 was \$1,675,215 in the general fund, \$48,898 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 2006 taxes were collected are:

Property Category	2005 <u>Assessed Value</u>	2004 <u>Assessed Value</u>
Real Property		
Residential and Agricultural	\$ 148,892,550	\$ 133,612,850
Commercial and Industrial	20,647,550	18,296,800
Tangible Personal Property		
General	6,465,090	8,206,860
Public Utilities	5,159,760	5,583,810
Total	<u>\$ 181,164,950</u>	<u>\$ 165,700,320</u>

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 6 - Receivables

Receivables at June 30, 2006, 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.

Intergovernmental receivables at June 30, 2006, are presented below:

<u>Governmental activities</u>	<u>Amount</u>
Food Service	\$ 6,863
Title I	11,123
Title II D	<u>551</u>
Total intergovernmental receivable	<u>\$ 18,537</u>

Note 7 - Interfund Balances

Interfund balances at June 30, 2006 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 43,185

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, 2006, all interfund loans outstanding are anticipated to be repaid in fiscal year 2006.

Note 8 - Interfund Transfers

Interfund transfers for the year ended June 30, 2006, consisted of the following:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 18,039

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, 2006

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

Governmental Activities	Balance June 30, 2005	Increases	Decreases	Balance June 30, 2006
Capital assets, not being depreciated:				
Land	\$ 248,900	\$ -	\$ -	\$ 248,900
Capital assets, being depreciated:				
Land improvements	9,298	70,628	-	79,926
Buildings	5,073,037	141,491	-	5,214,528
Furniture and equipment	1,129,171	80,270	(24,331)	1,185,110
Vehicles	663,274	58,730	-	722,004
Total capital assets, being depreciated	6,874,780	351,119	(24,331)	7,201,568
Less: Accumulated depreciation				
Land improvements	(86)	(9,405)	-	(9,491)
Buildings	(2,696,641)	(92,493)	-	(2,789,134)
Furniture and equipment	(852,877)	(45,677)	24,331	(874,223)
Vehicles	(437,705)	(60,714)	-	(498,419)
Total accumulated depreciation	(3,987,309)	(208,289)*	24,331	(4,171,267)
Total capital assets being depreciated, net	2,887,471	142,830	-	3,030,301
Governmental activities capital assets, net	\$ 3,136,371	\$ 142,830	\$ -	\$ 3,279,201

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 117,210
Special	1,227
Support services:	
Pupil	1,221
Instructional staff	1,025
Administration	1,748
Fiscal	674
Operation and maintenance of plant	12,385
Pupil transportation	62,445
Operation of non-instructional services:	
Food service operations	5,528
Community services	721
Extracurricular activities	4,105
Total depreciation expense	\$ 208,289

Note 10 - Long Term Obligations

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

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Energy Conservation Bonds, 5.748%, Due December 2009	\$ 289,683	\$ -	\$ 66,386	\$ 223,297	\$ 70,257
Compensated absences	469,158	16,285	87,813	397,630	87,404
Total Long-term Liabilities	\$ 758,841	\$ 16,285	\$ 154,199	\$ 620,927	\$ 157,661

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, 2006

The School District's overall legal debt margin was \$16,081,556 with an unvoted debt margin of \$181,165 at June 30, 2006.

Principal and interest requirements to retire the energy conservation bonds outstanding at June 30, 2006 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	70,257	12,007	82,264
2008	74,353	7,873	82,226
2009	78,687	3,459	82,146
Total	<u>\$ 223,297</u>	<u>\$ 23,339</u>	<u>\$ 246,636</u>

Note 11 - 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, 2006

Note 12 - 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 \$861.07 per family coverage and \$375.43 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, 2003. The School District pays \$781.07 per family coverage and \$342.27 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, 2003. These premiums cover medical/surgical and major medical portion of the insurance.

Note 13 - 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, 2006

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 2006, 10.58% of annual covered salary was the portion 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, 2006, 2005 and 2004 were \$106,944, \$85,653 and \$91,051, respectively; 40% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$63,573, representing the unpaid contribution for fiscal year 2006, 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, 2006

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, 2005 (latest information available) 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. 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, 2006, 2005 and 2004 were \$388,247, \$380,796 and \$426,950, respectively; 83% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$67,117, representing the unpaid contribution for fiscal year 2006, is recorded as an intergovernmental payable. Contributions to the DC and Combined plans for fiscal year 2006 were \$9,833 made by the School District and \$15,934 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, 2006, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - 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.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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 \$29,865 during the 2006 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.3 billion at June 30, 2005 (latest information available). For the year ended June 30, 2005 (latest information available), the net health care costs paid by the STRS were \$254,780,000 and eligible benefit recipients totaled 115,395.

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 fiscal year 6, employer contributions to fund health care benefits were 3.42% 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 the fiscal year 2006, the minimum pay has been established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. 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 \$48,083, which includes a surcharge of \$13,379 during the 2006 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 the projected claims less premium contributions for the next fiscal year. Expenses for health care at June 30, 2005 (latest information available) were \$178,221,113. At June 30, 2005, the SERS's net assets available for payment of health care benefits was \$267.5 million, which is about 168% of net year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual claims costs. The number of participants receiving health care benefits was approximately 58,123.

Note 15 - 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 2006. Financial information can be obtained from 8140 Auburn Road, Painesville, Ohio 44077.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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 \$70,965 to the Lake Geauga Computer Association during fiscal year 2005. To obtain financial information, write to Lake Geauga Computer Association, 8221 Auburn Road, Painesville, Ohio 44077.

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, 2006. 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 2006. Financial information can be obtained by writing the fiscal agent, Lake County Education Service Center, 30 South Park Place Suite 30, Painsville, Ohio 44077.

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 ESRTS 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 2006. To obtain financial information, write to Kirkland Board of Education, 9252 Chillicothe Road, Kirkland, Ohio 44094

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Ohio Schools' Council The Ohio Schools' Council (OSC) is a jointly governed organization among eighty-two 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 2006, the School District paid \$350 to the Council. Financial information can be obtained by contacting the Executive Director/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.

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.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 16 - 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 17 - 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, 2006.

B. Litigation

The School District is not party to any legal proceedings.

Note 18 - 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, 2006, only the unspent portion of certain workers' compensation refunds continues to be set aside.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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, 2005	\$ (522,010)	\$ -	\$ 31,149
Current year set-aside requirement	117,447	117,447	-
Qualified disbursements	(135,007)	(469,859)	-
Total	\$ (539,570)	\$ (352,412)	\$ 31,149
Set-aside reserve balance carried forward to future fiscal years	\$ (539,570)	\$ -	\$ 31,149
Set-aside reserve balance as of June 30, 2006	\$ -	\$ -	\$ -

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.

Note 19 - Accountability

As of June 30, 2006, five funds had deficit fund balances. These deficits were caused by the application of GAAP. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had deficit balances:

<i>Fund</i>	<i>Amount</i>
<i>Special revenue funds:</i>	
<i>Food service</i>	\$ 9,679
<i>EMIS</i>	3,109
<i>IDEA special education</i>	13,872
<i>Title I</i>	4,539
<i>Miscellaneous</i>	8

At June 30, 2006 the Drug Free School Fund has expenditures exceeding appropriations by \$5.

Newbury Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 20 – Change in Accounting Principles

For the fiscal year ended 2006, the School District implemented GASB Statement No. 42, “Accounting and Financial Reporting Impairment of Capital Assets and for Insurance Recoveries”, GASB Statements No. 44, “Economic Condition Reporting: The Statistical Section” and GASB Statement No. 47, “Accounting for Termination Benefits.”

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present and supplementary information in the statistical section. GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits. The implementation of GASB Statement No. 42 and 47 did not materially affect the presentation of the financial statements of the School District.

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*Combining Statements and
Individual Fund Schedules*

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.

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.

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

Combining Statements-Nonmajor Funds (continued)
Nonmajor Special Revenue Fund (continued)

Poverty Aid - This fund accounts for monies appropriated for poverty based assistance as part of the state foundation system. Programs included are academic intervention, all-day kindergarten, class-size reduction, Limited English Proficient students, professional development, dropout prevention and community outreach.

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 III Fund - This fund accounts for monies to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

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, 2006

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 164,416	\$ 7	\$ 19,263	\$ 183,686
Inventory held for resale	6,288	-	-	6,288
Materials and supplies inventory	1,032	-	-	1,032
Receivables:				
Intergovernmental	18,537	-	-	18,537
Taxes	-	82,240	72,816	155,056
Total assets	<u>\$ 190,273</u>	<u>\$ 82,247</u>	<u>\$ 92,079</u>	<u>\$ 364,599</u>
<u>Liabilities and fund balance:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 5,059	\$ -	\$ -	\$ 5,059
Accrued wages	39,529	-	-	39,529
Compensated absences payable	10,220	-	-	10,220
Interfund payable	43,185	-	-	43,185
Intergovernmental payable	18,255	-	-	18,255
Deferred revenue	11,674	82,240	49,687	143,601
Total liabilities	<u>127,922</u>	<u>82,240</u>	<u>49,687</u>	<u>259,849</u>
<u>Fund balance:</u>				
Reserved for encumbrances	69,456	-	5,709	75,165
Unreserved:				
Undesignated, reported in:				
Special revenue funds	(7,105)	-	-	(7,105)
Debt service fund	-	7	-	7
Capital projects funds	-	-	36,683	36,683
Total fund balance	<u>62,351</u>	<u>7</u>	<u>42,392</u>	<u>104,750</u>
Total liabilities and fund balance	<u>\$ 190,273</u>	<u>\$ 82,247</u>	<u>\$ 92,079</u>	<u>\$ 364,599</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, 2005*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Taxes	\$ -	\$ 81,274	\$ 114,509	\$ 195,783
Intergovernmental	554,575	-	16,299	570,874
Interest	2,931	-	-	2,931
Tuition and fees	33,328	-	-	33,328
Extracurricular activities	78,720	-	-	78,720
Gifts and donations	407	-	-	407
Charges for services	126,169	-	-	126,169
Miscellaneous	6,764	-	-	6,764
Total revenues	<u>802,894</u>	<u>81,274</u>	<u>130,808</u>	<u>1,014,976</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	79,464	-	-	79,464
Special	244,850	-	-	244,850
Other	13,935	-	-	13,935
Support services:				
Pupils	32,623	-	-	32,623
Instructional staff	16,009	-	-	16,009
Administration	43,622	-	-	43,622
Fiscal	-	-	1,926	1,926
Operation and maintenance of plant	946	-	32,982	33,928
Central	6,000	-	-	6,000
Operation of non-instructional services:				
Food service operations	200,064	-	-	200,064
Community services	124,521	-	-	124,521
Extracurricular activities	94,202	-	-	94,202
Capital outlay	16,381	-	259,529	275,910
Debt service:				
Principal retirement	-	66,386	-	66,386
Interest and fiscal charges	-	15,931	-	15,931
Total expenditures	<u>872,617</u>	<u>82,317</u>	<u>294,437</u>	<u>1,249,371</u>
Excess of revenues over (under) expenditures	<u>(69,723)</u>	<u>(1,043)</u>	<u>(163,629)</u>	<u>(234,395)</u>
<u>Other financing sources (uses):</u>				
Transfers in	18,039	-	-	18,039
Net change in fund balances	(51,684)	(1,043)	(163,629)	(216,356)
Fund balances at beginning of year	114,035	1,050	206,021	321,106
Fund balances at end of year	<u>\$ 62,351</u>	<u>\$ 7</u>	<u>\$ 42,392</u>	<u>\$ 104,750</u>

Newbury Local School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2006

	<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	\$ 7,356	\$ 61	\$ 26,919	\$ 9,884	\$ 28,014
Inventory held for resale	6,288	-	-	-	-
Materials and supplies inventory	1,032	-	-	-	-
Receivables:					
Intergovernmental	6,863	-	-	-	-
Total assets	<u>\$ 21,539</u>	<u>\$ 61</u>	<u>\$ 26,919</u>	<u>\$ 9,884</u>	<u>\$ 28,014</u>
 <u>Liabilities and fund balance :</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 391	\$ -	\$ -	\$ 189	\$ 230
Accrued wages	12,238	-	-	-	-
Compensated absences payable	10,220	-	-	-	-
Interfund payable	-	-	-	-	-
Intergovernmental payable	8,369	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>31,218</u>	<u>-</u>	<u>-</u>	<u>189</u>	<u>230</u>
 <u>Fund balance:</u>					
Reserved for encumbrances	-	-	-	-	273
Unreserved:					
Undesignated, reported in:					
Special revenue funds	(9,679)	61	26,919	9,695	27,511
Total fund balance	<u>(9,679)</u>	<u>61</u>	<u>26,919</u>	<u>9,695</u>	<u>27,784</u>
Total liabilities and fund balance	<u>\$ 21,539</u>	<u>\$ 61</u>	<u>\$ 26,919</u>	<u>\$ 9,884</u>	<u>\$ 28,014</u>

<u>Auxiliary Services</u>	<u>Educational Management Information System</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Student Reading Intervention</u>	<u>Poverty Aid</u>
\$ 71,767	\$ -	\$ -	\$ -	\$ 696	\$ -	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 71,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,693	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
38,000	-	-	-	-	-	-
1,671	3,109	-	-	-	-	-
-	-	-	-	-	-	-
<u>43,364</u>	<u>3,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
65,300	-	-	-	-	-	-
(36,897)	(3,109)	-	-	696	-	-
<u>28,403</u>	<u>(3,109)</u>	<u>-</u>	<u>-</u>	<u>696</u>	<u>-</u>	<u>-</u>
<u>\$ 71,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Newbury Local School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2005

	<u>Miscellaneous State Grants</u>	<u>IDEA Special Education</u>	<u>Title III</u>	<u>Title I</u>	<u>Title VI</u>
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ -	\$ 7,659	\$ -	\$ 11,517	\$ -
Inventory held for resale	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Receivables:					
Intergovernmental	-	-	-	11,123	-
Total assets	<u>\$ -</u>	<u>\$ 7,659</u>	<u>\$ -</u>	<u>\$ 22,640</u>	<u>\$ -</u>
<u>Liabilities and fund balance :</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ 556	\$ -	\$ -	\$ -
Accrued wages	-	17,855	-	9,436	-
Compensated absences payable	-	-	-	-	-
Interfund payable	-	-	-	4,634	-
Intergovernmental payable	-	3,120	-	1,986	-
Deferred revenue	-	-	-	11,123	-
Total liabilities	<u>-</u>	<u>21,531</u>	<u>-</u>	<u>27,179</u>	<u>-</u>
<u>Fund balance:</u>					
Reserved for encumbrances	-	-	-	3,340	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds	-	(13,872)	-	(7,879)	-
Total fund balance	<u>-</u>	<u>(13,872)</u>	<u>-</u>	<u>(4,539)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 7,659</u>	<u>\$ -</u>	<u>\$ 22,640</u>	<u>\$ -</u>

<u>Drug Free Schools Grant</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 543	\$ 164,416
-	-	-	6,288
-	-	-	1,032
-	-	551	18,537
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ 190,273</u>

\$ -	\$ -	\$ -	\$ 5,059
-	-	-	39,529
-	-	-	10,220
-	-	551	43,185
-	-	-	18,255
-	-	551	11,674
-	-	1,102	127,922

-	-	543	69,456
-	-	(551)	(7,105)
-	-	(8)	62,351
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ 190,273</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, 2005*

	Food Service	Special Trust	Uniform School Supplies	Public School Support	Athletics/ District Managed
<u>Revenues:</u>					
Intergovernmental	\$ 60,450	\$ -	\$ -	\$ -	\$ -
Interest	1,398	-	-	-	-
Tuition and fees	-	-	33,328	-	-
Extracurricular activities	-	-	-	11,612	67,108
Gifts and donations	-	-	-	407	-
Charges for services	126,169	-	-	-	-
Miscellaneous	-	-	-	-	6,764
Total revenues	<u>188,017</u>	<u>-</u>	<u>33,328</u>	<u>12,019</u>	<u>73,872</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	-	-	38,199	416	-
Special	-	-	-	-	-
Other	-	-	-	-	-
Support services:					
Pupils	-	-	-	-	-
Instructional staff	-	-	-	-	-
Administration	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services:					
Food service operations	200,064	-	-	-	-
Community services	-	-	-	-	-
Extracurricular activities	-	-	-	12,826	81,376
Capital outlay	12,568	-	-	-	3,813
Total expenditures	<u>212,632</u>	<u>-</u>	<u>38,199</u>	<u>13,242</u>	<u>85,189</u>
Excess of revenues over (under) expenditures	<u>(24,615)</u>	<u>-</u>	<u>(4,871)</u>	<u>(1,223)</u>	<u>(11,317)</u>
<u>Other financing sources (uses):</u>					
Transfers in	-	-	-	-	-
Net change in fund balances	(24,615)	-	(4,871)	(1,223)	(11,317)
Fund balances (deficit) at beginning of year	14,936	61	31,790	10,918	39,101
Fund balances (deficit) at end of year	<u>\$ (9,679)</u>	<u>\$ 61</u>	<u>\$ 26,919</u>	<u>\$ 9,695</u>	<u>\$ 27,784</u>

<u>Auxiliary Services</u>	<u>Educational Management Information System</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Student Reading Intervention</u>	<u>Poverty Aid</u>
\$ 131,667	\$ 5,000	\$ 6,000	\$ 2,725	\$ 2,000	\$ 965	\$ 13,935
1,533	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>133,200</u>	<u>5,000</u>	<u>6,000</u>	<u>2,725</u>	<u>2,000</u>	<u>965</u>	<u>13,935</u>
-	-	-	3,503	1,760	-	-
-	-	-	-	-	2,857	-
-	-	-	-	-	-	13,935
-	20,988	-	-	-	-	-
-	-	-	-	-	-	-
-	7,505	-	-	-	-	-
-	-	-	-	-	-	-
-	-	6,000	-	-	-	-
-	-	-	-	-	-	-
111,340	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>111,340</u>	<u>28,493</u>	<u>6,000</u>	<u>3,503</u>	<u>1,760</u>	<u>2,857</u>	<u>13,935</u>
<u>21,860</u>	<u>(23,493)</u>	<u>-</u>	<u>(778)</u>	<u>240</u>	<u>(1,892)</u>	<u>-</u>
-	18,039	-	-	-	-	-
21,860	(5,454)	-	(778)	240	(1,892)	-
6,543	2,345	-	778	456	1,892	-
<u>\$ 28,403</u>	<u>\$ (3,109)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ -</u>	<u>\$ -</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, 2005*

	Miscellaneous State Grants	IDEA Special Education	Title III	Title I	Title VI
<u>Revenues:</u>					
Intergovernmental		\$ 201,633	\$ 464	\$ 88,654	\$ 2,701
Interest	-	-	-	-	-
Tuition and fees	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	201,633	464	88,654	2,701
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	86	-	-	-	-
Special	-	147,486	464	94,043	-
Other	-	-	-	-	-
Support services:					
Pupils	-	7,634	-	-	2,111
Instructional staff	-	14,416	-	1,593	-
Administration	-	36,117	-	-	-
Operation and maintenance of plant	-	-	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services:					
Food service operations	-	-	-	-	-
Community services	-	11,895	-	-	597
Extracurricular activities	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	86	217,548	464	95,636	2,708
Excess of revenues over (under) expenditures	(86)	(15,915)	-	(6,982)	(7)
<u>Other financing sources (uses):</u>					
Transfers in	-	-	-	-	-
Net change in fund balance	(86)	(15,915)	-	(6,982)	(7)
Fund balances (deficit) at beginning of year	86	2,043	-	2,443	7
Fund balances (deficit) at end of year	\$ -	\$ (13,872)	\$ -	\$ (4,539)	\$ -

<u>Drug Free Schools Grant</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 3,420	\$ 32,897	\$ 2,064	\$ 554,575
-	-	-	2,931
-	-	-	33,328
-	-	-	78,720
-	-	-	407
-	-	-	126,169
-	-	-	6,764
<u>3,420</u>	<u>32,897</u>	<u>2,064</u>	<u>802,894</u>
423	32,818	2,259	79,464
-	-	-	244,850
-	-	-	13,935
1,890	-	-	32,623
-	-	-	16,009
-	-	-	43,622
946	-	-	946
-	-	-	6,000
-	-	-	200,064
500	-	189	124,521
-	-	-	94,202
-	-	-	16,381
<u>3,759</u>	<u>32,818</u>	<u>2,448</u>	<u>872,617</u>
<u>(339)</u>	<u>79</u>	<u>(384)</u>	<u>(69,723)</u>
-	-	-	18,039
(339)	79	(384)	(51,684)
339	(79)	376	114,035
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ 62,351</u>

Newbury Local School District

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2006

	<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	\$ 19,173	\$ 90	\$ 19,263
Receivables:			
Taxes	<u>72,816</u>	<u>-</u>	<u>72,816</u>
Total assets	<u><u>\$ 91,989</u></u>	<u><u>\$ 90</u></u>	<u><u>\$ 92,079</u></u>
 <u>Liabilities and fund balance :</u>			
 <u>Liabilities:</u>			
Deferred revenue	<u>\$ 49,687</u>	<u>\$ -</u>	<u>\$ 49,687</u>
 <u>Fund balance:</u>			
Reserved for encumbrances	5,709	-	5,709
Unreserved:			
Undesignated, reported in:		-	
Capital projects funds	<u>36,593</u>	<u>90</u>	<u>36,683</u>
Total fund balance	<u>42,302</u>	<u>90</u>	<u>42,392</u>
Total liabilities and fund balance	<u><u>\$ 91,989</u></u>	<u><u>\$ 90</u></u>	<u><u>\$ 92,079</u></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, 2005*

	<u>Permanent Improvement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues:</u>			
Taxes	\$ 114,509	\$ -	\$ 114,509
Intergovernmental	16,299		16,299
Total revenues	<u>130,808</u>	<u>-</u>	<u>130,808</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	-		-
Support services:			
Fiscal	1,926	-	1,926
Operation and maintenance of plant	32,982	-	32,982
Capital outlay	<u>259,529</u>	<u>-</u>	<u>259,529</u>
Total expenditures	<u>294,437</u>	<u>-</u>	<u>294,437</u>
Net change in fund balances	(163,629)	-	(163,629)
Fund balances at beginning of year	<u>205,931</u>	<u>90</u>	<u>206,021</u>
Fund balances at end of year	<u>\$ 42,302</u>	<u>\$ 90</u>	<u>\$ 42,392</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, 2006*

Food Service Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 52,200	\$ 54,084	\$ 1,884
Interest	-	1,398	1,398
Charges for services	127,800	126,169	(1,631)
Total revenues	<u>180,000</u>	<u>181,651</u>	<u>1,651</u>
<u>Expenditures:</u>			
Operation of non-instructional services:			
Food service operations	194,615	194,348	267
Net change in fund balance	(14,615)	(12,697)	1,918
Fund balance at beginning of year	19,439	19,439	-
Prior year encumbrances appropriated	615	615	-
Fund balance at end of year	<u>\$ 5,439</u>	<u>\$ 7,357</u>	<u>\$ 1,918</u>

Special Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Gifts and donations	\$ 500	\$ -	\$ (500)
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	500	-	(500)
Fund balance at beginning of year	61	61	-
Fund balance at end of year	<u>\$ 561</u>	<u>\$ 61</u>	<u>\$ (500)</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, 2006*

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 34,600	\$ 33,328	\$ (1,272)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	43,000	38,200	4,800
Net change in fund balance	(8,400)	(4,872)	3,528
Fund balance at beginning of year	31,791	31,791	-
Fund balance at end of year	<u>\$ 23,391</u>	<u>\$ 26,919</u>	<u>\$ 3,528</u>

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 25,500	\$ 11,612	\$ (13,888)
Gifts and donations	500	407	(93)
Total revenues	<u>26,000</u>	<u>12,019</u>	<u>(13,981)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	500	416	84
Extracurricular activities	14,500	12,772	1,728
Total expenditures	<u>15,000</u>	<u>13,188</u>	<u>1,812</u>
Net change in fund balance	11,000	(1,169)	(12,169)
Fund balance at beginning of year	10,919	10,919	-
Fund balance at end of year	<u>\$ 21,919</u>	<u>\$ 9,750</u>	<u>\$ (12,169)</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, 2006*

Athletics/District Managed Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 57,062	\$ 67,108	\$ 10,046
Charges for services	1,000		(1,000)
Miscellaneous	9,000	6,764	(2,236)
Total revenues	<u>67,062</u>	<u>73,872</u>	<u>6,810</u>
<u>Expenditures:</u>			
Current:			
Extracurricular activities	101,162	85,436	15,726
Excess of revenues over (under) expenditures	<u>(34,100)</u>	<u>(11,564)</u>	<u>22,536</u>
<u>Other financing sources (uses):</u>			
Transfers in	57,938	-	(57,938)
Net change in fund balance	23,838	(11,564)	(35,402)
Fund balance at beginning of year	39,055	39,055	-
Prior year encumbrances appropriated	47	47	-
Fund balance at end of year	<u>\$ 62,940</u>	<u>\$ 27,538</u>	<u>\$ (35,402)</u>

Auxiliary Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 222,557	\$ 131,667	\$ (90,890)
Interest	750	1,533	783
Total revenues	<u>223,307</u>	<u>133,200</u>	<u>(90,107)</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Community services	118,962	112,837	6,125
Capital outlay	65,010	65,010	-
Total expenditures	<u>183,972</u>	<u>177,847</u>	<u>6,125</u>
Excess of revenues over (under) expenditures	<u>39,335</u>	<u>(44,647)</u>	<u>(83,982)</u>
<u>Other financing sources (uses):</u>			
Advances in	38,000	38,000	-
Net change in fund balance	77,335	(6,647)	(83,982)
Fund balance at beginning of year	42	42	-
Prior year encumbrances appropriated	13,072	13,072	-
Fund balance at end of year	<u>\$ 90,449</u>	<u>\$ 6,467</u>	<u>\$ (83,982)</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, 2006*

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	20,344	20,344	-
Administration	3,290	7,505	(4,215)
Central	4,215	-	4,215
Total expenditures	27,849	27,849	-
Excess of revenues over (under) expenditures	(22,849)	(22,849)	-
<u>Other financing sources (uses):</u>			
Transfers in	23,905	18,039	(5,866)
Net change in fund balance	1,056	(4,810)	(5,866)
Fund balance at beginning of year	95	95	-
Prior year encumbrances appropriated	4,715	4,715	-
Fund balance at end of year	\$ 5,866	\$ -	\$ (5,866)

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	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance 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, 2006*

SchoolNet Professional Development Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,725	\$ 2,725	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,503	3,503	-
Net change in fund balance	(778)	(778)	-
Fund balance at beginning of year	778	778	-
Fund balance at end of year	\$ -	\$ -	\$ -

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	2,000	1,760	240
Net change in fund balance	-	240	240
Fund balance at beginning of year	456	456	-
Fund balance at end of year	\$ 456	\$ 696	\$ 240

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, 2006*

Student Reading Intervention Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 9,042	\$ 9,042	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	3,158	3,158	-
Excess of revenues over (under) expenditures	5,884	5,884	-
<u>Other financing sources (uses):</u>			
Advances out	(5,884)	(5,884)	-
Net change in fund balance	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -

Poverty Aid Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 13,935	\$ 13,935	\$ -
<u>Expenditures:</u>			
Current:			
Other	13,935	13,935	-
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, 2006*

Miscellaneous State Grants Fund

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

IDEA Special Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 220,138	\$ 220,138	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	150,410	143,275	7,135
Support services:			
Pupils	7,724	7,724	-
Instructional staff	14,416	14,416	-
Administration	36,117	36,117	-
Operation of non-instructional services:			
Community services	11,339	11,339	-
Total expenditures	220,006	212,871	7,135
Excess of revenues over (under) expenditures	132	7,267	7,135
<u>Other financing sources (uses):</u>			
Advances out	(14,179)	(14,179)	-
Net change in fund balance	(14,047)	(6,912)	7,135
Fund balance at beginning of year	95	95	-
Prior year encumbrances appropriated	14,475	14,475	-
Fund balance at end of year	\$ 523	\$ 7,658	\$ 7,135

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, 2006*

Title III Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 486	\$ 464	\$ (22)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	464	464	-
Net change in fund balance	22	-	(22)
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ (22)</u>

Title I Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 100,627	\$ 94,367	\$ (6,260)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	97,407	96,825	582
Support services:			
Instructional staff	1,593	1,593	-
Total expenditures	99,000	98,418	582
Excess of revenues over (under) expenditures	1,627	(4,051)	(5,678)
<u>Other financing sources (uses):</u>			
Advances in	-	4,634	4,634
Net change in fund balance	1,627	583	(1,044)
Fund balance at beginning of year	7,594	7,594	-
Fund balance at end of year	<u>\$ 9,221</u>	<u>\$ 8,177</u>	<u>\$ (1,044)</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, 2006*

Title VI Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,708	\$ 2,708	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils	2,111	2,111	-
Operation of non-instructional services:			
Community services	597	597	-
Total expenditures	<u>2,708</u>	<u>2,708</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Drug Free Schools Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 4,760	\$ 4,765	\$ 5
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	635	423	212
Support services:			
Pupils	1,619	1,890	(271)
Operation and maintenance of plant	1,000	946	54
Operation of non-instructional services:			
Community services	500	500	-
Total expenditures	<u>3,754</u>	<u>3,759</u>	<u>(5)</u>
Excess of revenues over (under) expenditures	<u>1,006</u>	<u>1,006</u>	<u>-</u>
<u>Other financing sources (uses):</u>			
Transfers out	(1,341)	(1,341)	-
Net change in fund balance	(335)	(335)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	335	335	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</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, 2006*

Improving Teacher Quality Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 46,203	\$ 46,203	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	38,355	38,355	-
Excess of revenues over (under) expenditures	7,848	7,848	-
<u>Other financing sources (uses):</u>			
Advances out	(7,848)	(7,848)	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Miscellaneous Federal Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,934	\$ 2,544	\$ (1,390)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	2,802	2,802	-
Community Services	189	189	-
Total expenditures	2,991	2,991	-
Excess of revenues over (under) expenditures	943	(447)	(1,390)
<u>Other financing sources (uses):</u>			
Advances in	-	551	551
Advances out	(1,280)	(1,280)	-
Total other financing sources (uses)	(1,280)	(729)	551
Net change in fund balance	(337)	(1,176)	(839)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	1,176	1,176	-
Fund balance at end of year	\$ 839	\$ -	\$ (839)

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, 2006*

Bond Retirement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 81,274	\$ 81,274	\$ -
<u>Expenditures:</u>			
Debt service:			
Principal retirement	66,386	66,386	-
Interest and fiscal charges	15,938	15,931	7
Total expenditures	82,324	82,317	7
Net change in fund balance	(1,050)	(1,043)	7
Fund balance at beginning of year	1,050	1,050	-
Fund balance at end of year	\$ -	\$ 7	\$ 7

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, 2006*

Permanent Improvement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 134,627	\$ 140,278	\$ 5,651
Intergovernmental	16,579	16,299	(280)
Total revenues	<u>151,206</u>	<u>156,577</u>	<u>5,371</u>
<u>Expenditures:</u>			
Support services:			
Fiscal	2,500	1,926	574
Operation and maintenance of plant	301,406	298,220	3,186
Total expenditures	<u>303,906</u>	<u>300,146</u>	<u>3,760</u>
Net change in fund balance	(152,700)	(143,569)	9,131
Fund balance at beginning of year	58,128	58,128	-
Prior year encumbrances appropriated	98,906	98,906	-
Fund balance at end of year	<u>\$ 4,334</u>	<u>\$ 13,465</u>	<u>\$ 9,131</u>

SchoolNet Plus 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	90	90	-
Fund balance at end of year	<u>\$ 90</u>	<u>\$ 90</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

Field Trips Fund - This fund accounts for monies collected from the students, held for later disbursements for purposes of field trips and student activities.

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, 2006

	Beginning Balance July 1, 2005	Additions	Deductions	Ending Balance June 30, 2006
Field Trips				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 698	\$ 10,274	\$ 9,027	\$ 1,945
<u>Liabilities:</u>				
Undistributed monies	\$ 698	\$ 10,274	\$ 9,027	\$ 1,945
Employee Benefits				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,145	\$ 16,782	\$ 14,823	\$ 4,104
<u>Liabilities:</u>				
Undistributed monies	\$ 2,145	\$ 16,782	\$ 14,823	\$ 4,104
Student Managed Activity				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 9,343	\$ 16,004	\$ 17,153	\$ 8,194
<u>Liabilities:</u>				
Due to students	\$ 9,343	\$ 16,004	\$ 17,153	\$ 8,194
Total All Agency Funds				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 12,186	\$ 43,060	\$ 41,003	\$ 14,243
<u>Liabilities:</u>				
Undistributed monies	\$ 2,843	\$ 27,056	\$ 23,850	\$ 6,049
Due to students	9,343	16,004	17,153	8,194
Total liabilities	\$ 12,186	\$ 43,060	\$ 41,003	\$ 14,243

STATISTICAL SECTION

Statistical Section

This part of School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S 2 - S 8
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax (and the income tax).	S 9 - S 14
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S 15 - S 18
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S 19 - S 20
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S 21 - S 29

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that fiscal year.

Newbury Local School District

Net Assets by Component (1)

Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Invested in capital assets, net of related debt	\$ 3,104,997	\$ 3,081,205	\$ 2,945,883	\$ 2,846,688	\$ 3,055,904
Restricted for:					
Capital projects	99,151	64,642	134,527	211,223	46,461
Debt service	-	51	-	-	-
Set asides	31,149	31,149	31,149	31,149	31,149
Other purposes	98,463	32,261	86,743	124,608	57,766
Unrestricted (deficit)	<u>12,788</u>	<u>(586,085)</u>	<u>(352,589)</u>	<u>1,610,019</u>	<u>1,108,499</u>
Total net assets	<u>\$ 3,346,548</u>	<u>\$ 2,623,223</u>	<u>\$ 2,845,713</u>	<u>\$ 4,823,687</u>	<u>\$ 4,299,779</u>

Source: School District financial records

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

Newbury Local School District
Changes in Net Assets of Governmental Activities (1)
Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses					
Instruction:					
Regular	\$ 3,231,699	\$ 3,333,966	\$ 3,386,040	\$ 3,208,034	\$ 3,644,167
Special	651,462	627,836	619,599	643,295	738,817
Vocational	55,889	55,270	30,922	37,886	36,455
Other	-	-	-	-	13,935
Support services:					
Pupil	312,852	296,956	260,113	262,441	365,395
Instructional staff	158,852	218,958	187,342	131,079	153,887
Board of education	121,230	47,495	168,722	115,438	64,246
Administration	558,543	520,092	545,815	497,880	548,657
Fiscal	256,111	256,700	282,270	261,896	267,269
Business	1,435	1,063	-	-	-
Operation and maintenance of plant	669,286	802,690	654,271	576,065	645,645
Pupil transportation	545,094	519,832	506,046	469,591	568,081
Central	84,817	57,403	51,662	55,777	59,554
Operation of non-instructional services:					
Food services	222,088	210,612	173,956	209,460	201,381
Community services	142,383	135,026	124,160	133,346	125,242
Extracurricular activities	314,781	334,345	265,326	235,873	304,141
Interest and fiscal charges	29,322	26,183	22,959	19,340	15,613
<i>Total expenses</i>	<u>7,355,844</u>	<u>7,444,427</u>	<u>7,279,203</u>	<u>6,857,401</u>	<u>7,752,485</u>
Program Revenues					
<i>Charges for services</i>					
Instruction:					
Regular	\$ 32,729	\$ 94,983	\$ 131,921	\$ 153,260	\$ 215,189
Special	10,629	-	-	80,509	-
Vocational	50	-	-	-	-
Support services:					
Operation and maintenance of plant	-	1,825	-	-	-
Operation of non-instructional services:					
Food services	111,553	68,078	132,453	127,113	126,169
Community services	71,320	43,526	-	-	-
Extracurricular activities	69,985	138,283	78,992	152,188	135,385

(Continued)

Newbury Local School District

**Changes in Net Assets of Governmental Activities (1) (Continued)
Last Five Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating grants, contributions and interest					
Instruction:					
Regular	\$ 40,747	\$ 38,993	\$ 50,328	\$ 55,839	\$ 39,070
Special	129,615	164,319	236,693	292,062	212,931
Other	-	-	-	-	13,935
Support services:					
Pupils	20,596	13,975	41,356	44,576	18,293
Instructional staff	-	-	9,025	6,481	15,410
Administration	-	-	-	-	37,423
Operation and maintenance of plant	-	-	-	-	1,191
Central	7,000	-	6,000	6,000	6,000
Operation of non-instructional services:					
Food services	101,111	67,204	67,196	62,233	60,451
Community services	64,645	42,966	127,997	138,058	143,889
Extracurricular activities	-	47,258	-	-	-
Capital grants and contributions					
Support services:					
Pupil transportation	49,708	27,346	5,556	4,937	4,672
<i>Total program revenues</i>	<u>711,690</u>	<u>750,759</u>	<u>889,521</u>	<u>1,125,261</u>	<u>1,032,014</u>
Net expense	<u>\$ (6,644,154)</u>	<u>\$ (6,693,668)</u>	<u>\$ (6,389,682)</u>	<u>\$ (5,732,140)</u>	<u>\$ (6,720,471)</u>
General revenues					
Property taxes levied for:					
General purposes	\$ 3,739,546	\$ 3,923,206	\$ 4,444,766	\$ 5,678,656	\$ 3,963,103
Debt services	82,596	82,476	82,476	83,368	81,274
Capital outlay	110,585	184,166	147,081	165,973	113,376
Grants and entitlements not restricted to specific programs	1,712,723	1,755,801	1,865,446	1,780,910	1,875,813
Unrestricted contributions	525	-	-	-	-
Investment earnings	55,335	17,382	12,879	25,404	85,486
Miscellaneous	36,337	9,315	61,528	30,946	79,517
<i>Total general revenues</i>	<u>5,737,647</u>	<u>5,972,346</u>	<u>6,614,176</u>	<u>7,765,257</u>	<u>6,198,569</u>
<i>Change in net assets</i>	<u>\$ (906,507)</u>	<u>\$ (721,322)</u>	<u>\$ 224,494</u>	<u>\$ 2,033,117</u>	<u>\$ (521,902)</u>

Source: School District financial records

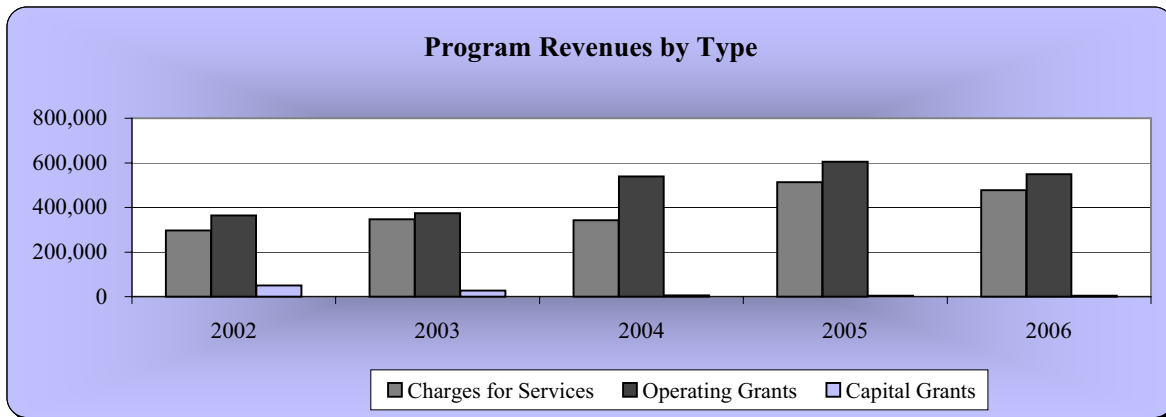
(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

Newbury Local School District

Program Revenues of Governmental Activities by Function (1)

Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:					
Instruction:					
Regular	\$ 73,476	\$ 133,976	\$ 182,249	\$ 209,099	\$ 254,259
Special	140,244	164,319	236,693	372,571	212,931
Vocational	50	-	-	-	-
Other	-	-	-	-	13,935
Support services:					
Pupil	20,596	13,975	41,356	44,576	18,293
Instructional staff	-	-	9,025	6,481	15,410
Administration	-	-	-	-	37,423
Fiscal	-	-	-	-	-
Operation and maintenance of plant	-	1,825	-	-	1,191
Pupil transportation	49,708	27,346	5,556	4,937	4,672
Central	7,000	-	6,000	6,000	6,000
Operation of non-instructional services:					
Food services	212,435	135,137	199,649	189,346	186,620
Community services	136,194	86,637	127,997	138,058	143,889
Extracurricular activities	69,985	185,541	78,992	152,188	135,385
Total program revenues	\$ 709,688	\$ 748,756	\$ 887,517	\$ 1,123,256	\$ 1,030,008



Source: School District financial records

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

Newbury Local School District

Changes in Fund Balances, Governmental Funds (1)

Last Five Fiscal Years

	1997	1998	1999	2000	2001
Revenues					
Property taxes	\$ 3,917,184	\$ 3,749,886	\$ 3,879,673	\$ 3,617,068	\$ 3,801,261
Intergovernmental	1,428,652	1,377,358	1,597,965	1,772,208	1,700,615
Interest	111,302	110,745	106,860	140,627	146,475
Tuition and Fees	24,955	29,878	45,874	64,458	14,544
Extracurricular activities	-	-	-	-	-
Gifts and Donations	2,508	32,888	6,674	655	1,125
Rentals	-	-	-	-	-
Charges for services	-	-	2,689	1,495	27,050
Miscellaneous	35,387	5,218	22,474	25,733	18,594
<i>Total revenues</i>	<u>5,519,988</u>	<u>5,305,973</u>	<u>5,662,209</u>	<u>5,622,244</u>	<u>5,709,664</u>
Expenditures					
Current:					
Instruction:					
Regular	2,605,541	2,328,924	2,497,458	2,618,078	2,978,525
Special	313,137	277,836	329,803	401,305	443,584
Vocational	34,459	41,854	31,399	45,822	48,527
Other	-	-	-	-	-
Support services:					
Pupils	205,707	199,614	203,657	238,786	189,917
Instructional staff	125,112	157,622	164,614	173,014	141,977
Board of education	137,832	32,694	45,667	59,408	62,200
Administration	514,335	465,108	491,427	511,464	488,706
Fiscal	141,667	154,728	166,952	149,703	215,803
Business	-	-	-	-	2,131
Operation and maintenance of plant	626,203	626,400	588,920	589,718	705,558
Pupil transportation	516,190	559,421	382,934	497,518	407,046
Central	-	-	-	-	44,357
Operation of non-instructional services:					
Food service operations	-	-	-	-	-
Community services	-	-	-	-	-
Extracurricular activities	194,887	209,696	194,792	164,695	191,482
Capital outlay	234,083	-	-	-	-
Debt Service:					
Principal Retirement	2,265	2,078	-	16,862	-
Interest and fiscal charges	-	-	-	-	-
<i>Total expenditures</i>	<u>5,651,418</u>	<u>5,055,975</u>	<u>5,097,623</u>	<u>5,466,373</u>	<u>5,919,813</u>
Excess of revenues over (under) expenditures	<u>(131,430)</u>	<u>249,998</u>	<u>564,586</u>	<u>155,871</u>	<u>(210,149)</u>
Other financing sources (uses)					
Proceeds from sale of fixed assets	n/a	n/a	-	-	-
Proceeds from sale of bonds	n/a	n/a	-	620,759	-
Transfers In	n/a	n/a	23,705	-	25,430
Transfers Out	n/a	n/a	(23,705)	-	(25,430)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>620,759</u>	<u>-</u>
<i>Net change in fund balances</i>	\$ (131,430)	\$ 249,998	\$ 564,586	\$ 776,630	\$ (210,149)
Debt service as a percentage of noncapital expenditures					
	0.0418%	0.0411%	0.0000%	0.3085%	0.0000%

Source: School District financial records

(1) Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

	2002	2003	2004	2005	2006
\$	3,743,158	\$ 3,974,155	\$ 4,545,998	\$ 5,944,808	\$ 4,195,569
	1,749,469	1,738,831	2,404,544	2,374,660	2,435,059
	55,335	17,382	12,879	26,076	85,486
	11,909	24,890	70,244	223,370	204,789
	-	-	66,803	86,620	105,575
	525	27,346	2,500	1,050	407
	-	1,825	2,670	-	-
	28,145	31,190	197,987	193,673	159,616
	24,062	2,061	67,192	40,354	86,281
	<u>5,612,603</u>	<u>5,817,680</u>	<u>7,370,817</u>	<u>8,890,611</u>	<u>7,272,782</u>

	3,133,756	3,227,361	3,200,273	3,136,740	3,590,289
	503,086	444,287	616,267	657,438	744,784
	55,356	54,611	35,928	37,758	38,454
	-	-	-	-	13,935
	276,628	265,877	261,439	263,485	359,048
	156,446	187,903	185,416	141,936	153,625
	121,230	74,951	168,722	115,438	64,246
	523,455	522,819	548,826	502,030	552,331
	252,097	258,409	286,549	266,809	261,390
	1,435	1,063	-	-	-
	676,810	626,002	650,373	572,179	633,095
	570,849	455,826	432,382	403,553	504,338
	77,817	57,403	51,662	55,777	59,554
	-	-	174,064	203,905	200,064
	-	2,902	123,205	132,625	124,521
	203,988	215,658	262,363	231,909	300,437
	-	57,537	32,196	53,384	351,119
	-	-	59,272	62,728	66,386
	-	-	23,205	19,640	15,931
	<u>6,552,953</u>	<u>6,452,609</u>	<u>7,112,142</u>	<u>6,857,334</u>	<u>8,033,547</u>
	<u>(940,350)</u>	<u>(634,929)</u>	<u>258,675</u>	<u>2,033,277</u>	<u>(760,765)</u>

	-	-	4,626	-	-
	-	-	-	-	-
	45,330	25,007	18,091	24,407	18,039
	<u>(45,330)</u>	<u>(25,007)</u>	<u>(18,091)</u>	<u>(24,407)</u>	<u>(18,039)</u>
	<u>-</u>	<u>-</u>	<u>4,626</u>	<u>-</u>	<u>-</u>

\$	(940,350)	\$ (634,929)	\$ 263,301	\$ 2,033,277	\$ (760,765)
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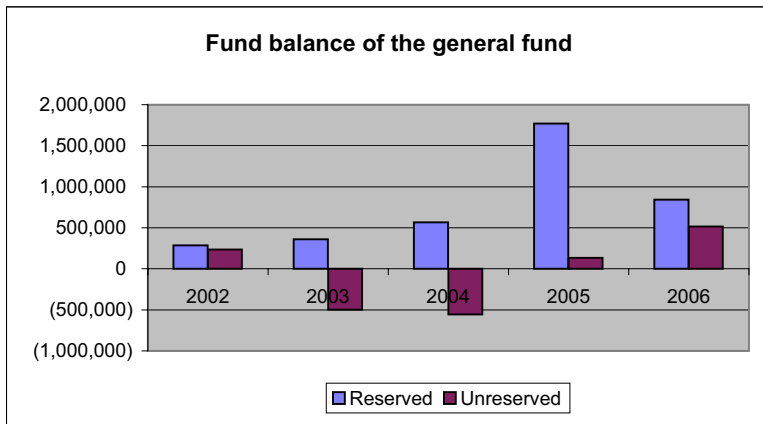
	0.0000%	0.0000%	1.1649%	1.2106%	1.0715%
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Newbury Local School District

Fund Balances, Governmental Funds (1)

Last Five Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund					
Reserved	\$ 285,036	\$ 358,630	\$ 566,105	\$ 1,771,118	\$ 843,363
Unreserved	<u>235,933</u>	<u>(497,597)</u>	<u>(557,513)</u>	<u>133,021</u>	<u>516,367</u>
<i>Total general fund</i>	<u>520,969</u>	<u>(138,967)</u>	<u>8,592</u>	<u>1,904,139</u>	<u>1,359,730</u>
All other governmental funds					
Reserved	29,970	76,614	66,997	175,572	98,294
Unreserved, undesignated, Reported in:					
Special revenue funds	77,358	39,322	107,688	86,266	(7,105)
Debt service funds	92	51	50	1,050	7
Capital projects funds	<u>66,263</u>	<u>10,723</u>	<u>67,717</u>	<u>58,218</u>	<u>13,554</u>
Total all other governmental funds	<u>173,683</u>	<u>126,710</u>	<u>242,452</u>	<u>321,106</u>	<u>104,750</u>
<i>Total governmental funds</i>	<u>\$ 694,652</u>	<u>\$ (12,257)</u>	<u>\$ 251,044</u>	<u>\$ 2,225,245</u>	<u>\$ 1,464,480</u>



Source: School District financial records

(1) Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

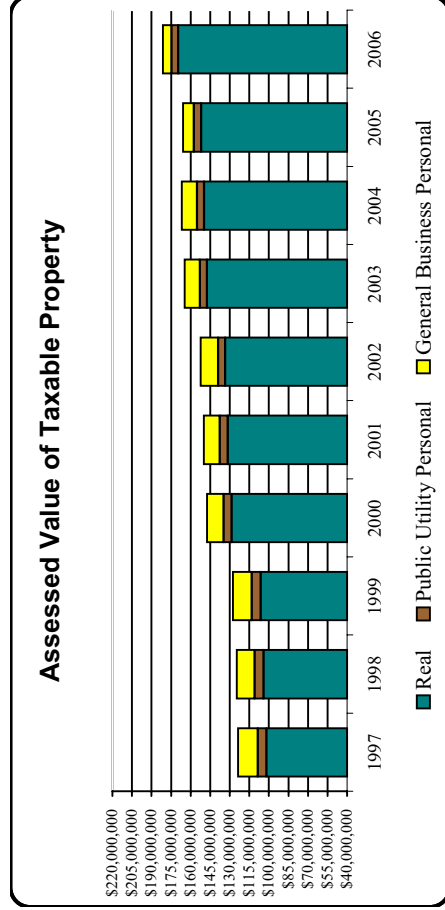
Newbury Local School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Collection Years

Collection Year	Real Property			Public Utility			Tangible Personal Property			Total		
	Assessed Value		Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio
	Residential/Agricultural	Commercial/Industrial/PU										
1996	\$ 101,757,350	\$ -	\$ 290,735,286	\$ 6,774,760	\$ 7,698,591	\$ 15,188,090	\$ 60,752,360	\$ 123,720,200	\$ 359,186,237			34.44%
1997	104,101,180	-	297,431,943	6,837,170	7,769,511	13,687,130	54,748,520	124,625,480	359,949,974			34.62%
1998	106,308,400	-	303,738,286	6,715,750	7,631,534	14,450,520	57,802,080	127,474,670	369,171,900			34.53%
1999	128,589,730	-	367,399,229	6,132,380	6,968,614	12,645,100	50,580,400	147,367,210	424,948,242			34.68%
2000	131,524,890	-	375,785,400	6,048,000	6,872,727	12,264,750	49,059,000	149,837,640	431,717,127			34.71%
2001	133,495,680	-	381,416,229	5,400,690	6,137,148	13,501,770	54,007,080	152,398,140	441,560,456			34.51%
2002	147,319,920	-	420,914,057	5,479,360	6,226,545	11,836,750	47,347,000	164,636,030	474,487,603			34.70%
2003	131,856,780	17,824,170	427,659,857	5,453,370	6,197,011	11,605,203	46,420,812	166,739,523	480,277,681			34.72%
2004	133,612,850	18,296,800	434,027,571	5,583,810	6,345,239	8,206,860	32,827,440	165,700,320	473,200,250			35.02%
2005	148,892,550	20,647,550	484,400,286	5,159,760	5,863,364	6,465,090	25,860,360	181,164,950	516,124,009			35.10%

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35% of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25% of true value for railroad property to 88% for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25% for machinery and equipment and 23% for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, the 2 1/2%, and the homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.



Newbury Local School District
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Calendar Years

Collection Year	Effective Rates				School Levy	JVS	Newbury Township	Library	County Levy	Total Levy	Debt Service		
	Residential/ Agriculture	Commercial/ Industrial	County	Township							County	Township	Total
2006	\$ 47.59	\$ 50.26	\$ 59.29	\$ 1.50	\$ 8.70	\$ 1.00	\$ 15.10	\$ 85.59	\$ 0.50	\$ -	0.50		
2005	51.33	54.73	59.69	1.50	8.70	1.00	15.10	85.99	0.30	-	0.30		
2004	45.55	49.12	54.90	1.50	8.70	1.00	15.10	81.20	0.30	-	0.30		
2003	45.09	48.69	54.90	1.50	8.70	1.00	14.60	80.70	0.30	-	0.30		
2002	44.82	48.52	55.15	1.50	9.00	1.00	14.40	81.05	0.30	-	0.30		
2001	43.48	47.29	55.31	1.50	9.00	1.00	12.65	79.46	0.30	-	0.30		
2000	42.22	46.15	55.31	1.50	9.00	1.00	12.45	79.26	0.30	-	0.30		
1999	45.71	51.70	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	0.60		
1997	-	-	56.70	1.50	10.00	1.00	12.85	82.05	0.20	0.30	0.50		

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
Property Tax Levies and Collections (1)
Last Ten Calendar Years

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy	Delinquent Taxes Receivable
1996	\$ 4,630,382	\$ 4,069,767	87.89%	\$ 130,889	\$ 4,200,656	90.72%	\$ 429,726
1997	4,542,048	4,011,528	88.32	132,906	4,144,434	91.25	397,614
1998	4,660,823	4,096,132	87.88	138,977	4,235,109	90.87	425,714
1999	4,593,370	4,067,845	88.56	178,497	4,246,342	92.45	347,028
2000	4,674,162	4,250,663	90.94	101,709	4,352,372	93.12	321,790
2001	4,825,427	4,350,924	90.17	106,567	4,457,491	92.38	367,936
2002	5,036,275	4,277,179	84.93	400,420	4,677,599	92.88	358,676
2003	4,043,300	3,528,826	87.28	153,416	3,682,242	91.07	361,058
2004	5,121,767	4,595,296	89.72	176,005	4,771,301	93.16	350,466
2005	5,989,744	5,468,306	91.29	191,369	5,659,675	94.49	330,069

Source: Office of the County Auditor, Geauga County, Ohio.

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2006 information cannot be presented because all collections have not been made by June 30, 2006.
- (3) The County does not identify delinquent tax collections by tax year.

Newbury Local School District

Principal Taxpayers

Real Estate Tax

2006 and 2002 (1)

Name of Taxpayer	2006			2002		
	Assessed Value	Rank	Percent of Real Property Assessed Value	Assessed Value	Rank	Percent of Real Property Assessed Value
Kinetico	2,863,330	1	1.69%	2,347,880	1	1.76%
White Properties Ltd.	1,661,450	2	0.98%	1,411,520	2	1.06%
Blaine and Janet Kaufman	986,180	3	0.58%	1,006,590	3	0.75%
Mill Run Properties	600,140	4	0.35%	579,310	5	0.43%
J & F Distributing	599,240	5	0.35%	486,960	10	0.36%
Newbury Kinsman LLC.	560,020	6	0.33%	-		0.00%
Mike Reljanovic	534,380	7	0.32%	487,910	9	0.37%
Teague Brothers	518,390	8	0.31%	518,150	7	0.39%
Billie Steffee	509,990	9	0.30%	-		0.00%
MMC Company	445,140	10	0.26%	-		0.00%
Little Acre Nursing Home	-		0.00%	808,470	4	0.61%
Newbury Kinsman LLC.	-		0.00%	552,530	6	0.41%
Louise Prfughi	-		0.00%	513,210	8	0.38%
Totals	<u>\$ 9,278,260</u>		<u>5.47%</u>	<u>\$ 8,712,530</u>		<u>6.53%</u>
Total assessed valuation	<u>\$ 169,540,100</u>			<u>\$ 133,495,680</u>		

Source: Office of the County Auditor, Geauga County, Ohio.

(1) The amounts presented represent the assessed values upon which 2006 and 2002 collections were based.

Newbury Local School District

Principal Taxpayers

Tangible Personal Property Tax

2006 and 2002 (1)

Name of Taxpayer	2006			2002		
	Assessed Value	Rank	Percent of Tangible Personal Property Assessed Value	Assessed Value	Rank	Percent of Tangible Personal Property Assessed Value
Saint Gobain Ceramics & Plastics, Inc.	2,606,410	1	30.24%	\$ 219,120	6	1.62%
Kinetico, Inc	1,718,900	2	19.94%	1,633,360	1	12.10%
Radio One, Inc	1,008,280	3	11.70%	-		0.00%
Princeton Enterprises, LTD	364,670	4	4.23%	-		0.00%
Creative Molds & Machine, Inc.	351,890	5	4.08%	274,920	4	2.04%
Allied Dealers Supply Co.	220,900	6	2.56%	-		0.00%
Van Ness Landscaping Inc.	181,600	7	2.11%	179,110	10	1.33%
Distribution Technologies, Inc.	166,580	8	1.93%	-		0.00%
Key Corporate Capital, Inc.	120,670	9	1.40%	186,620	9	1.38%
R. W. Sidley, Inc	119,340	10	1.38%	-		0.00%
Unity Rubber Company Limited	-		0.00%	577,020	2	4.27%
Manfredi Motor Transit Company	-		0.00%	335,090	3	2.48%
Hostar International Incorporated	-		0.00%	255,360	5	1.89%
Dash Tree Service Incorporated	-		0.00%	190,050	7	1.41%
Wilson Piston Company Incorporated	-		0.00%	188,640	8	1.40%
Totals	<u>\$ 6,859,240</u>		<u>79.57%</u>	<u>\$ 4,039,290</u>		<u>29.92%</u>
Total assessed valuation	<u>\$ 8,620,120</u>			<u>\$ 13,501,770</u>		

Source: Office of the County Auditor, Geauga County, Ohio.

(1) The amounts presented represent the assessed values upon which 2006 and 2002 collections were based.

Newbury Local School District

Principal Taxpayers

Public Utilities Tax

2006 and 2002 (1)

<u>Name of Taxpayer</u>	<u>2006</u>			<u>2002</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Public Utility Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Public Utility Assessed Value</u>
Cleveland Electric Illuminating Company	2,845,030	1	55.14%	\$ 2,786,020	1	51.59%
Western Reserve Telephone	1,191,260	2	23.09%	1,456,240	2	26.96%
Cingular Wireless PCS	325,160	3	6.30%	-		0.00%
American Transmission	276,150	4	5.35%	361,480	3	6.69%
Alltel Ohio Limited	239,730	5	4.65%	-		0.00%
East Ohio Gas	224,920	6	4.36%	199,760	4	3.70%
Totals	<u>\$ 5,102,250</u>		<u>98.89%</u>	<u>\$ 4,803,500</u>		<u>88.94%</u>
Total assessed valuation	<u>\$ 5,159,760</u>			<u>\$ 5,400,690</u>		

Source: Office of the County Auditor, Geauga County, Ohio.

(1) The amounts presented represent the assessed values upon which 2006 and 2002 collections were based.

Newbury Local School District
Ratio of Debt to Assessed Value and Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Actual Value of Taxable Property (2)	General Bonded Debt		
			General Bonded Debt Outstanding	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
1997	5,823 a	\$ 123,720,200	\$ -	0.00%	-
1998	5,925 a	124,625,480	-	0.00%	-
1999	5,997 a	127,474,670	-	0.00%	-
2000	6,059 b	147,367,210	570,618	0.39%	94.18
2001	5,805 b	149,837,640	520,612	0.35%	89.68
2002	5,805 b	152,398,140	467,690	0.31%	80.57
2003	5,805 b	164,636,030	411,683	0.25%	70.92
2004	5,805 b	166,739,523	352,361	0.21%	60.70
2005	5,885 b	165,700,320	288,633	0.17%	49.05
2006	5,900 b	181,164,950	223,297	0.12%	37.85

Sources: (1) U.S. Bureau of Census, Census of Population.
(a) 1990 Federal Census
(b) 2000 Federal Census

(2) Office of the County Auditor, Geauga County, Ohio.

Newbury Local School District
Computation of Legal Debt Margin
Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Tax Valuation	<u>\$ 123,720,200</u>	<u>\$ 124,625,480</u>	<u>\$ 127,474,670</u>	<u>\$ 147,367,210</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>11,134,818</u>	<u>11,216,293</u>	<u>11,472,720</u>	<u>13,263,049</u>
Amount of Debt Applicable to Debt Limit				
Intermediate School Auditorium Bonds	60,000	40,000	20,000	-
Energy Conservation Bonds	-	-	-	570,618
Less Amount Available in Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount of Debt Subject to Limit	<u>60,000</u>	<u>40,000</u>	<u>20,000</u>	<u>570,618</u>
Legal Debt Margin	<u>\$ 11,074,818</u>	<u>\$ 11,176,293</u>	<u>\$ 11,452,720</u>	<u>\$ 12,692,431</u>
Legal Debt Margin as a Percentage of the Debt Limit	99.46%	99.64%	99.83%	95.70%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 123,720	\$ 124,625	\$ 127,475	\$ 147,367
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted Legal Debt Margin	<u>\$ 123,720</u>	<u>\$ 124,625</u>	<u>\$ 127,475</u>	<u>\$ 147,367</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Sample County Auditor and School District Financial Records.

(1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>\$ 149,837,640</u>	<u>\$ 152,398,140</u>	<u>\$ 164,636,030</u>	<u>\$ 166,739,523</u>	<u>\$ 165,700,320</u>	<u>\$ 181,164,950</u>
<u>13,485,388</u>	<u>13,715,833</u>	<u>14,817,243</u>	<u>15,006,557</u>	<u>14,913,029</u>	<u>16,304,846</u>
-	-	-	-	-	-
520,612	467,690	411,683	352,411	289,683	223,297
-	(92)	(51)	(50)	(1,050)	(7)
<u>520,612</u>	<u>467,598</u>	<u>411,632</u>	<u>352,361</u>	<u>288,633</u>	<u>223,290</u>
<u>\$ 12,964,776</u>	<u>\$ 13,248,235</u>	<u>\$ 14,405,611</u>	<u>\$ 14,654,196</u>	<u>\$ 14,624,396</u>	<u>\$ 16,081,556</u>
96.14%	96.59%	97.22%	97.65%	98.06%	98.63%
\$ 149,838	\$ 152,398	\$ 164,636	\$ 166,740	\$ 165,700	\$ 181,165
-	-	-	-	-	-
<u>\$ 149,838</u>	<u>\$ 152,398</u>	<u>\$ 164,636</u>	<u>\$ 166,740</u>	<u>\$ 165,700</u>	<u>\$ 181,165</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Newbury Local School District
Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2006

	Assesed Valuation	Debt Attributable to Governmental Activities (1)	Percentage Applicable to School District (2)	Amount of Direct and Overlapping Debt
Overlapping Debt:				
Payable from Property Taxes Geauga County	\$ 3,038,413,550	\$ 11,351,378	5.96%	\$ 676,824
Direct Debt	<u>181,164,950</u>	<u>223,297</u>	100.00%	<u>-</u>
Total Direct and Overlapping Debt		<u>\$ 11,574,675</u>		<u>\$ 676,824</u>

Source: Office of the Auditor, Geauga County, Ohio 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, 2006.

(2) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government. The valuations used were for the 2006 collection year.

Newbury Local School District

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Newbury LSD Area Population (1)</u>	<u>Personal Income (2) (in thousands)</u>	<u>Per Capita Personal Income (in thousands)</u>	<u>Unemployment Rate (3)</u>
1997	5823	\$ 135,930	\$23	3.60%
1998	5925	204,346	34	3.50%
1999	5997	151,846	25	3.00%
2000	6059	158,137	26	2.80%
2001	5805	n/a	n/a	2.90%
2002	5805	148,171	26	3.70%
2003	5805	145,402	25	4.30%
2004	5805	192,940	33	5.80%
2005	5885	n/a	n/a	5.70%
2006	5900	n/a	n/a	4.00%

Sources: (1) U.S. Bureau of Census, Census of Population.
(2) Ohio Department of Taxation
(3) U.S. Department of Labor.

Newbury Local School District

Principal Employers

Current Year and Ten Years Ago

Employer	Nature of Business	2006	1996 (1)
		Number of Employees	Number of Employees
Kinetico Inc	Manufacturer	286	n/a
Cleveland Electric Illuminating Company	Utility Services	200	n/a
Western Reserve Telephone	Communication Services	56	n/a
Cingular Wireless PCS	Communication Services	23	n/a
American Transmission	Automotive Services	83	n/a
Alltel Ohio Limited	Communication Services	9	n/a
East Ohio Gas	Utility Services	44	n/a
Total		<u>701</u>	<u>-</u>
Total employment within the School District		n/a	n/a

Source: Office of the Auditor, Geauga County, Ohio.

(1) Information not available.

Newbury Local School District
School District Employees by Function/Program
Last Three Fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Regular instruction			
Elementary classroom teachers	20.75	18.00	20.00
High school classroom teachers	23.00	22.00	20.00
Special instruction			
Elementary classroom teachers	1.50	2.00	3.00
Gifted education teachers	0.50	n/a	n/a
High school classroom teachers	3.00	2.00	2.00
Vocational instruction			
High school classroom teachers			
Pupil support services			
Guidance counselors	1.00	1.00	2.00
Librarians	2.00	1.00	1.00
Psychologists	1.00	1.00	1.00
Speech and language pathologists	1.00	1.00	1.00
Nurse	0.67	0.67	1.00
Administrators			
Elementary	1.00	1.00	1.00
High school	1.50	1.00	1.00
Operation of plant			
Custodians	5.00	5.00	5.00
Maintenance	2.00	2.00	2.00
Pupil transportation			
Bus drivers	8.00	7.00	9.00
Bus aides			
Van drivers			
Food service program			
Elementary cooks	5.00	5.00	5.00
High school cooks	5.00	5.00	5.00

Source: School District Records.

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee. The count is performed on September 1 of each year.

Information prior to 2004 is not available.

Newbury Local School District

Building Statistics

Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
High School					
Constructed in 1928					
Total building square footage	103,630	103,630	103,630	103,630	103,630
Enrollment grades 7-12	n/a	354	354	339	355
Student capacity	500	500	500	500	500
Regular instruction classrooms	29	29	29	29	29
Regular instruction teachers	25	25	25	25	25
Special instruction classrooms	3	3	3	3	3
Special instruction teachers	3	2.5	2.5	2.5	2.5
Elementary School					
Constructed in 1960					
Total building square footage	38,400	38,400	38,400	38,400	38,400
Enrollment grades K-6	n/a	384	384	379	396
Student capacity	450	450	450	450	450
Regular instruction classrooms	22	22	22	22	22
Regular instruction teachers	20	20	20	20	20
Special instruction classrooms	2	2	2	2	2
Special instruction teachers	2	1.5	1.5	1.5	1.5

Source: School District Records.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
103,630	103,630	103,630	103,630	103,630
351	376	368	365	356
500	500	500	500	500
29	29	29	29	29
25	23	23.00	22.00	20.00
3	3	3	3	3
2.5	2.5	2.5	2.5	2
38,400	38,400	38,400	38,400	38,400
401	388	385	385	403
450	450	450	450	450
22	22	22	22	22
20	20	20.75	18.00	20.00
2	2	2	2	3
1.5	1.5	1.5	2	3

Newbury Local School District

Operating Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>
1997	n/a	756	n/a
1998	n/a	738	n/a
1999	n/a	745	n/a
2000	n/a	722	n/a
2001	n/a	750	n/a
2002	\$ 7,355,844	752	\$9,782
2003	\$ 7,444,427	764	\$9,744
2004	\$ 7,279,203	753	\$9,667
2005	\$ 6,857,401	750	\$9,143
2006	\$ 7,752,485	734	\$10,562

Source: School District Records.

Newbury Local School District

Teachers' Salaries

Last Ten Fiscal Years

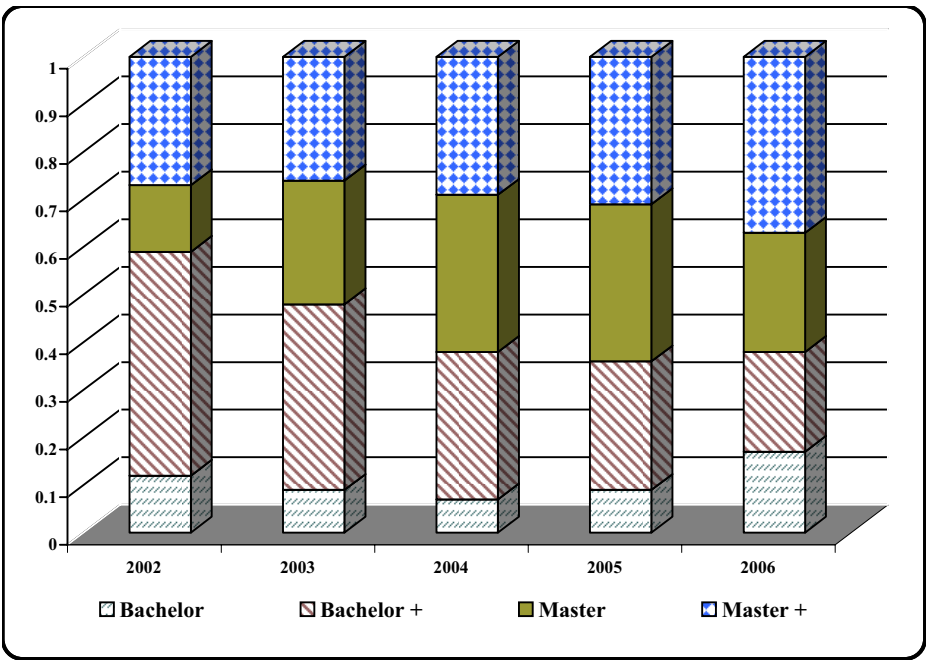
Fiscal Year	Minimum Salary (1)	Maximum Salary (2)	Average Salary Comparable Districts (3)	Statewide Average Salary (4)
1997	\$ 22,180	\$ 42,586	n/a	n/a
1998	22,956	44,076	n/a	n/a
1999	23,759	45,617	n/a	n/a
2000	24,709	47,441	n/a	n/a
2001	25,697	49,338	36,716	42,995
2002	26,725	51,312	35,547	43,755
2003	27,794	53,364	38,942	45,645
2004	28,906	55,500	39,560	47,659
2005	28,906	55,500	42,260	49,438
2006	29,773	57,165	44,284	50,772

Source: School District Records.

- (1) Starting teacher with no experience.
- (2) Teacher with a Masters degree and more than 30 year's experience.
- (3) Includes Southeastern (46276), North Baltimore (50708) and McComb (47456) Local School Districts
- (4) Provided by the State Department of Education.

Newbury Local School District
Full-Time Equivalent Teachers by Education
Last Five Fiscal Years

<u>Degree</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Bachelor's Degree	12%	9%	7%	9%	17%
Bachelor + 15	7%	7%	4%	2%	2%
Bachelor + 150	40%	32%	27%	25%	19%
Master's Degree	14%	26%	33%	33%	25%
Master's + 15	9%	7%	12%	7%	11%
Master's + 30	18%	19%	17%	24%	26%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

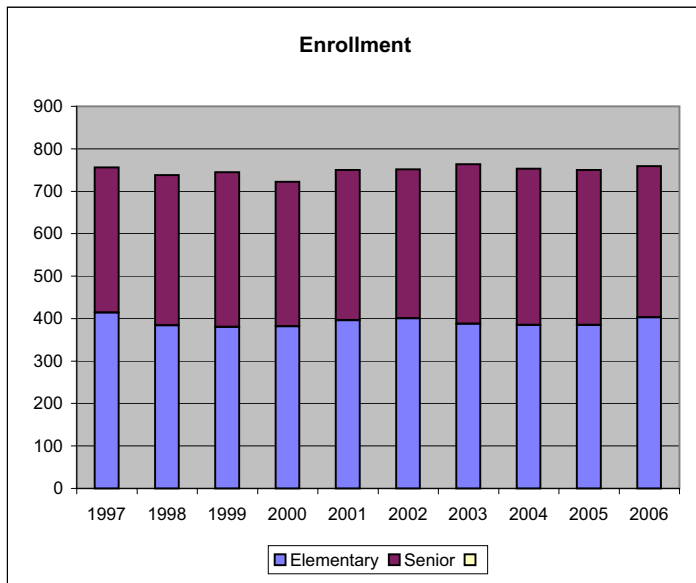


Source: School District Records. Information prior to 2002 is not available.

Newbury Local School District

**Enrollment Statistics
Last Ten Fiscal Years**

Fiscal Year	Newbury Elementary School	Newbury High School	Total
1997	414	342	756
1998	384	354	738
1999	380	365	745
2000	382	340	722
2001	396	354	750
2002	401	351	752
2003	388	376	764
2004	385	368	753
2005	385	365	750
2006	390	344	734



Source: Ohio Department of Education

Newbury Local School District
Average Number of Students per Teacher
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Newbury LSD Average</u>	<u>State Average</u>
1997	17.70	20.70
1998	17.50	20.40
1999	16.20	18.60
2000	15.90	18.10
2001	16.20	18.00
2002	15.30	16.90
2003	15.80	16.50
2004	18.00	18.50
2005	19.50	18.50
2006	16.70	18.60

Source: Ohio Department of Education

Newbury Local School District

Attendance and Graduation Rates

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Newbury LSD Attendance Rate</u>	<u>State Average</u>	<u>Newbury LSD Graduation Rate</u>	<u>State Average</u>
1997	95.40%	n/a	82.50%	n/a
1998	95.60%	93.90%	88.00%	79.90%
1999	95.60%	93.50%	86.60%	81.40%
2000	96.80%	93.60%	83.90%	80.70%
2001	95.60%	93.90%	91.80%	81.20%
2002	95.50%	94.30%	90.20%	82.80%
2003	95.10%	94.50%	95.50%	83.90%
2004	95.10%	94.50%	92.20%	84.30%
2005	94.90%	94.30%	96.90%	85.90%
2006	94.70%	94.10%	96.90%	86.20%

Source: Ohio Department of Education Local Report Cards.



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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
JANUARY 16, 2007**