

FAIRFIELD CITY SCHOOL DISTRICT

Single Audit Reports

June 30, 2004



**Auditor of State
Betty Montgomery**

Board of Education
Fairfield City School District
211 Donald Dr.
Fairfield, OH 45014

We have reviewed the Independent Auditor's Report of the Fairfield City School District, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Fairfield City School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 19, 2005

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FAIRFIELD CITY SCHOOL DISTRICT

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FAIRFIELD CITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2004

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Nutrition Cluster:				
Food Donation	N/A	10.550	\$ 81,321	81,321
School Breakfast Program	05PU	10.553	36,378	36,378
National School Lunch Program	LLP4	10.555	<u>376,641</u>	<u>376,641</u>
Nutrition Cluster Total			<u>494,340</u>	<u>494,340</u>
Total U.S. Department of Agriculture			<u>494,340</u>	<u>494,340</u>
 <u>U.S. Department of Education:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Title I Grants to Local Educational Agencies	C1S1	84.010	373,072	388,300
Special Education Cluster:				
Special Education - Grants to States	6BSF	84.027	968,540	1,082,123
Special Education - Preschool Grants	PGS1	84.173	<u>12,135</u>	<u>12,135</u>
Special Education Cluster Total			<u>980,675</u>	<u>1,094,258</u>
Safe and Drug-Free Schools and Communities - State Grants	DRS1	84.186	50,201	63,964
Innovative Education Program Strategies	C2S1	84.298	71,038	96,198
Education Technology State Grants	TJS1	84.318	5,470	7,987
School Renovation Grants	ATS3	84.352	162,346	163,835
English Language Acquisition Grants	T3S2	84.365	42,176	48,933
Improving Teacher Quality State Grants	TRS1	84.367	<u>212,376</u>	<u>232,693</u>
Total U.S. Department of Education			<u>1,897,354</u>	<u>2,096,168</u>
Total Federal Awards			\$ <u>2,391,694</u>	<u>2,590,508</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Fairfield City School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fairfield City School District as of and for the year ended June 30, 2004, which collectively comprise Fairfield City School District's basic financial statements and have issued our report thereon dated December 3, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Fairfield City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fairfield City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 3, 2004

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Fairfield City School District:

Compliance

We have audited the compliance of Fairfield City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Fairfield City School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fairfield City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Fairfield City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control over Compliance

The management of Fairfield City School District is responsible for establishing and maintaining effective control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Fairfield City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fairfield City School District as of and for the year ended June 30, 2004, and have issued our report thereon dated December 3, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Fairfield City School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
December 3, 2004

FAIRFIELD CITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2004

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Reportable condition(s) identified that are not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Reportable condition(s) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required To be reported in accordance with section 510(a) of OMB Circular A-133?	none
Identification of major programs: <i>CFDA 10.550/10.553/10.555 - Nutrition Cluster</i> <i>CFDA 84.010 - Title I Grants to Local Educational Agencies</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

FAIRFIELD CITY SCHOOL DISTRICT

Schedule of Prior Audit Findings

Year Ended June 30, 2004

The prior audit disclosed no instances of noncompliance that were required to be reported in accordance with *Government Auditing Standards* or noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with respect to internal controls over financial reporting or internal controls over compliance were reported in the prior year.

FAIRFIELD CITY SCHOOL DISTRICT
FAIRFIELD, OHIO

FAIRFIELD
CITY
SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**FAIRFIELD CITY SCHOOL DISTRICT
FAIRFIELD, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**PREPARED BY:
OFFICE OF THE TREASURER
NANCY LANE, INTERIM TREASURER**

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Fairfield City School District, Ohio
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2004

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**INTRODUCTORY
SECTION**



Fairfield City Schools

211 Donald Drive • Fairfield, Ohio 45014-3095
Phone (513) 829-6300 • Fax (513) 829-0148

December 31, 2004

TO THE CITIZENS AND BOARD OF EDUCATION OF THE FAIRFIELD CITY SCHOOL DISTRICT:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Fairfield City School District (District) for the fiscal year ended June 30, 2004. This report, prepared by the Treasurer's office, includes an opinion from the Clark, Schaefer, Hackett and Co. and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report was prepared in conformance with generally accepted accounting principals as set forth by the Governmental Accounting Standards Board (GASB). This report will provide the taxpayers of the Fairfield City School District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the District's organization chart, the GFOA Certificate of Achievement and ASBO Certificate of Excellence the District received for the June 30, 2003 CAFR. Also included are the District's major current and future initiatives.

The **Financial Section** includes the report of independent accountants on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements, required supplementary information, and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

The **Statistical Section** includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

The District provides a full range of programs and services for its students and citizens. These include elementary and secondary course offerings at the general, vocational and college preparatory levels; as well as a broad range of co-curricular and extra-curricular activities to compliment the students' curricular program.



In addition to these general activities, the District acts as the fiscal agent for State funds distributed to non-public parochial schools located within the District boundaries. This activity is included in the District's reporting entity as Auxiliary Services a special revenue fund because the District has administrative involvement in the programs. The schools served are: Fairfield Educational Building, Hamilton-Middletown 7th Day Adventist, Lavalley, Sacred Heart and Cincinnati Christian. While these organizations are similar in operations and services provided, each are distinct and separate entities whose financial statements are not included in this report.

ECONOMIC CONDITION AND OUTLOOK

The District is located in Southwestern Ohio between the cities of Cincinnati and Dayton. The District is located in Butler County, Ohio, along the Interstate 75 corridor, which is one of the fastest growing areas in population and in job creation in the State of Ohio. In addition, new water and sewer construction has opened up vacant parcels for new residential and light industrial development in the district. Housing and per capita income levels are very favorable relative to the state with per capita income growth outpacing the state during the last census period.

The continued growth within the Fairfield City School District is evidenced by the amount of new construction over the past seven years. For 2003, the District had \$20,764,050 in new construction.

THE DISTRICT AND ITS FACILITIES

The District serves an area of 37.9 square miles, encompassing the City of Fairfield and Fairfield Township. The total District population has increased from 38,707 in 1980 to 49,373 in 1990 according to census information.

The District also operates a variety of other facilities, including: a central administration building, a maintenance building, a bus compound, and several sports fields.

In 1994, the District passed a 44.4 million dollar bond issue, which was used to build a new high school, a new elementary school and make additions to existing elementary schools.

During the 2003-2004 school year, the District served 9,467 students enrolled in 1 kindergarten center, 5 elementary schools, 1 intermediate school, 1 middle school, 1 freshman school and 1 comprehensive high school. This enrollment increased by 228 students from the 2002-2003 school year. The preliminary enrollment for the 2004-2005 school year is 9,532, an increase of 65 students.

ORGANIZATION OF THE SCHOOL DISTRICT

The Board of Education of the Fairfield City School District is a five member body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code. The Board: (1) serves as the taxing authority, contracting body and policy maker, (2) ensures that all the general laws of the State of Ohio are followed in the expenditures of the District's tax dollars, (3) approves the annual appropriation resolution and tax budget.

The Board members represent a cross section of professions in the community. The board members on June 30, 2004, were as follows:

<u>Board Member</u>	<u>Term</u>	<u>Years on Board</u>
Mrs. Anne Crone	1/1/04 - 12/31/05	12 - 1/2
Mr. Maurice Godsey	1/1/02 - 12/31/05	10 - 1/2
Mr. Michael Oler	1/1/02 - 12/31/05	14 - 1/2
Mr. Terry Senger	1/1/04 - 12/31/07	1/2
Mrs. Nancy Wenning	1/1/04 - 12/31/07	2 - 1/2

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all educational and support operations. Dr. Robert Farrell was appointed as Superintendent on January 1, 2001. The Board has extended his contract through July 31, 2007. Dr. Farrell received a B.A. Degree from Notre Dame University, M.Ed. from Xavier University, and his Ed.D. from the University of Cincinnati.

The Treasurer is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets and investing idle funds as specified by Ohio Law. Mr. J. Scott Gooding II was appointed Treasurer on June 4, 2001. On May 31, 2004, Mr. Gooding resigned to become the Treasurer at Westerville City School District. Ms. Nancy Lane is currently serving as Interim Treasurer for the District.

EMPLOYEE RELATIONS

The District has 1,095 full and part-time employees. This number has increased slightly over the past few years as various programs and services have been expanded to meet the changing needs of students and the community. There are two organizations representing the certificated and classified employees. The District's administrative employees are not currently represented.

The Fairfield Classroom Teachers Association (FCTA), an affiliate of the Ohio Education Association (OEA), represents all certificated employees of the District. On February 4, 2002, the FCTA and the District entered into a new three-year collective bargaining agreement on language and fringe benefits issues, which expires on August 31, 2004. On August 29, 2003, the FCTA and the District agreed to a salary package for the 2003-2004 school year.

Classified employees are represented by the Ohio Association of Public School Employees (OAPSE), an affiliate of the American Federation of State, County and Municipal Employees (AFSCME). There are four local chapters of OAPSE. Chapter 205 represents the bus drivers and chauffeurs. Chapter 378 represents clerks, secretaries, educational assistants, and data entry personnel. Chapter 568 represents cooks, custodians, crossing guards, electricians, maintenance, and food service aides. Chapter 727 represents head cooks, head custodians, and the student route coordinator. Chapters 205, 378 and 568 negotiate as one unit, while Chapter 727 negotiates separately with the Board. The collective bargaining agreements with all four chapters expired June 30, 2002. On February 6, 2003 the District entered into a new three-year collective bargaining agreement with Chapter 727 that runs from July 1, 2002 through June 30, 2005. On March 6, 2003 the District entered into a new three-year collective bargaining agreement with Chapters 205, 378, and 568 that runs from July 1, 2002 through June 30, 2005. The collective bargaining agreements includes a two-year agreement on salary with a re-opener to occur during the 2003-2004 school year. There have been no work stoppages in the District, and in the opinion of the Board of Education, labor relations with its employees are very good.

MAJOR CURRENT AND FUTURE INITIATIVES

Interest Based Bargaining

The District continues to utilize interest-based collective bargaining to negotiate master contracts with its four employee unions. There have now been two three-year master contracts successfully bargained with each classified unions and three three-year master contracts with the FCTA. The bargaining teams were trained and facilitated by the Federal Mediation and Conciliation Services. The district has been asked to present at the national Federal Mediation and Conciliation Services conference regarding its success with this process.

Strategic Plan

The District's first 5-year Strategic Plan spanned the years 1994-1999. Securing adequate instructional facilities was the major focus of this plan, which was completed during the 1998-1999 school year. The District's second 5-year Strategic Plan for 2000-2005 was developed by a steering committee comprised of staff, parents and community members. A Cinergy Corporation grant provided funding for the development of this plan, which focuses on increased student achievement through enhanced teaching and learning efforts. Using technology to positively impact instruction, enlisting the support of community partnerships to enhance our students' education and developing educational options so that all students can learn our strategies that will be critical for the success of this plan.

Curriculum Initiatives

In 2003-04 the most extensive initiative was the continued implementation of an "Effective Schools" model in grades K-12. The district was part of a consortium that used the technical assistance of Brazosport, Texas, who successfully implemented the model to close the achievement gap. This process uses a teaching and learning process which is data driven. Instructional calendars have been developed K-12. These help teachers organize their time and subject objectives. Common assessments were/continue to be developed, data meetings are held to discuss the results of the common assessments, and students who do not master a concept receive intervention.

Many initiatives were started or continued in the area of language arts during the 2003-2004 school year. As part of the periodic review of language arts curriculum, the District decided to implement the Four Blocks framework for literacy instruction in grades 1-4 during the fall of 2004. All teachers were trained in the use of the framework and materials were purchased to help facilitate the implementation. A new spelling program emphasizing high use words to be implemented was written in the fall of 2004. In an effort to reach students with varying needs, kindergarten and first grade teachers were trained in Seeing Stars, a program for improving symbol imagery, and Lindamood Phonemic Sequencing Program, a program for teaching phonemic awareness. A team of 12 coaches began training to work in each building to help implement the Seeing Stars and LiPS program in the fall of 2004. Reading and writing in the content areas was an important focus for grades 5-8. Fairfield held a workshop in August of 2003 for teachers in grades 4-8 on Adolescent Literacy. Materials were created for the teachers in grades 5-6 on writing in the content areas. Throughout the year work was done on writing a new Language Arts/English course of study K-12 that will reflect the new state standards in English/Language Arts. The new Fairfield Language Arts course of Study will be finished in the fall of 2004.

Still in the area of language arts, the D.I.B.E.L.S. (Dynamic Indicators of Basic Early Literacy Skills) program was expanded to grades K-4, with additional training provided for the elementary teachers. That training will continue with the ESL tutors being the next scheduled group. A team is meeting to decide whether the D.I.B.E.L.S. process will be expanded to targeted groups at the fifth and sixth grade level for the purpose of providing data for intervention.

Read 180 was purchased with Intervention Funds from the State of Ohio and federal funds. It is an intensive intervention program designed to meet the needs of students in grades four and above whose reading achievement is below the proficient level. It is a program which uses direct reading instruction, engaging and age-appropriate content, and data-driven technology to ensure differentiated instruction. This purchase required staff development training for teachers responsible for implementation.

In the 2003-04 school year, Fairfield was actively involved in the state and national goals of increasing the math and science achievement of all students. Through the District's commitment and curriculum department's efforts to provide professional development in mathematics, Fairfield became an influential member of the High AIMS Consortium (High Achievement in Math and Science). This team of twelve districts has collaborated for several years to bring long term, high quality professional development in mathematics to its teachers. Through this membership, Fairfield is now involved in the largest research project ever funded by the National Science Foundation. Directed by Michigan State University, Promoting Rigorous Outcomes in Math and Science (or PROM/SE) links the High AIMS group with other districts in Ohio and Michigan. The purpose of the project is to train teacher leaders in math and science, called PROM/SE Associates, who will guide and support their colleagues' implementation of a more rigorous and coherent curriculum delivered through researched-based effective instructional practices. The 2003-04 school year was the first year of a five-year project. The focus of the year for the consortium was data collection.

Also in the area of mathematics, the District continued expanding the implementation of standards based inclusive math instruction through *Investigations* units. These are inquiry based mathematical investigations that involve the students in the exploration of mathematical ideas. Materials were purchased and are now in place at two of our elementary buildings and our Intermediate school. Teachers received staff development on the structure and implementation of the program through out the 2003-04 school year. The goal is to continue adding units until it has been implemented K-5.

The Elementary Economics Council worked throughout the year to develop economic units of study to match the social studies content standards for grades K-6. The units correlated the grade level indicators with both fiction and nonfiction literature books. This project was funded by the Butler County Career Center.

A major project at the secondary level has been the redesign of our business course offerings. The centerpiece of this effort is the addition of a two-year International Business Academy that will serve 11th and 12th graders. It will be housed in Fairfield Senior High and will comprise three out of four blocks in the student's school day. Staff from the academy include four employees of Butler Tech, who will teach the business courses, plus four Fairfield teachers, who will teach courses in Language Arts, Social Studies, Science, and Mathematics. Under the leadership of both Butler Tech and Fairfield administrators, teachers in the Business academy have developed entrance criteria, recruiting material, and informational pieces that describe the Academy to businesses and the community. Parent breakfasts are scheduled for January, and meetings with potential business partners are ongoing. The Academy will admit its first students in the fall of 2005.

Students who want to receive business education, but who do not enter the Business Academy, will be served by five business courses: Keyboarding, Introduction to Business, Computer Applications, Web Design, and Desktop Publishing. In addition, a mandatory computer literacy course will be offered to all 7th graders in the fall of 2005. This course will teach touch-typing techniques, as well as other computer literacy competencies outlined in the new state standards.

Other secondary initiatives 2003-04 include a revision of the way weighted grades are calculated and the program for preparing students for success on the Ohio Graduation Test.

The Coordinators of gifted education continued the process of identification and notification as outlined by state law. Also during the 2003-04 school year teachers worked on the advanced math and language arts course of study for grades five and six as well as the draft for the Framework for the Gifted Course of Study for grades K-12. The coordinators worked with teams and individual teachers to develop differentiated units of instruction in the content areas. Materials were then research and purchased to support these units.

The Technology Coordinator focused on embedding the new Technology Standards and Library Media Guidelines in the curriculum. Progress Book was implemented in grades five through twelve. It is an on-line product that can be used for attendance, grade book input, lesson plan development and special education access. We are moving toward using this tool to make students' grades available to parents on-line. This tool is also being used to assist special education teachers with the management of documents and reports. Staff members were given access to DSL (Data for Student Learning), an on-line tool for data driven decision-making.

A new ESL (English as a Second Language) Services Manual and Curriculum Guide was written to guide instruction for (LEP) Limited English Proficient students. This will be finished in the fall of 2004. An extensive staff development program was delivered to tutors of LEP students and a Parent Outreach Program was initiated. This was under the direction of the Curriculum Department.

The Curriculum Department supported the Entry Year Program as new teachers were expected to pass Praxis III, a rigorous performance assessment mandated by the state of Ohio. Mentors were trained in Pathwise and EYT's received a year long staff program to support them in their first year teaching and assist them with preparation for Praxis III.

Summer initiatives involved summer school offerings for students in grades 3-12. Summer testing opportunities were provided for students in grades 3, 4, 9-12 (for those needing to pass the ninth grade proficiency test). Summer teacher trainings included SIRI (State Institute of Reading Intervention), Math Solutions, LiPS Train the Trainor, OMAP, Four Blocks and various work with grade level groups of departments.

It was decided during the 2003-2004 school year that Character Education would be a District focus for the current year. Plans were made to hold a community-wide event to launch the initiative. In early summer a Fairfield Community Character Education Summit was held. A national speaker, Dr. Philip Vincent was invited to present to various groups including business, faith based, service/youth, school and government. At the meeting a plan was developed on how to implement a district-wide character education plan.

Permanent Improvement Levy

A five-year permanent improvement levy was scheduled to expire on December 31, 1997. The Board of Education first passed this levy in 1978 and has renewed it every five years since. The Board put the issue on the ballot in May 1998 and the community supported its continuation for another five years effective January 1, 1998. This levy (and its renewal) was critical to the district as it generates \$820,000 annually to be used exclusively for the maintenance and improvements to the district facilities. Expenditures from this levy could include boilers, roofs, buses, equipment, paving and any other maintenance or capital item. The Board put an issue on the ballot in May 2003 to replace the original 2.0 mills that were approved in 1978. The community supported this levy and will generate \$2,566,675 annually.

For a more in-depth analysis of the District's current economic condition, please see the Management Discussion and Analysis (MD&A) portion of the report in the financial section.

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a budgetary basis system of accounting as prescribed by State statute. The Budgetary basis accounting differs from generally accepted accounting principles [GAAP] as promulgated by the Governmental Accounting Standards Board [GASB].

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

In developing the 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: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) 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 benefits expected to be derived from their implementation.

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

At the beginning of each fiscal year, the Board adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. Appropriations are monitored, changed and amended/adopted on a monthly basis.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board'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 individual program managers and certified by the Treasurer; necessary funds are then encumbered and purchase orders are released to vendors.

The basis of accounting and the various funds utilized by the District are fully described in the notes to the basic financial statements. Additional information on the District's budgetary accounts can also be found in the notes to the basic financial statements.

CASH MANAGEMENT

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently investing available cash in obligations collateralized by the United States Government, or the State of Ohio issued instruments or insured by the Federal Deposit Insurance Corporation [FDIC]. The total amount of earnings on investments was \$142,386 for the year ended June 30, 2004.

The cash management program is designed to minimize cash on hand and maximize investment holdings. All investments are spread among available investment options to insure maximum interest rates.

The District's investment policy is to minimize market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by FDIC or collateralized. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

RISK MANAGEMENT

The District continues to protect its assets through a comprehensive insurance program. A schedule of insurance in force at June 30, 2004 is included in the Notes to the Basic Financial Statements.

INDEPENDENT AUDIT

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Clark, Schaefer, Hackett and Company performed the audit for the fiscal year ended June 30, 2004. The auditor's unqualified opinion rendered on the District's basic financial statements is included in the financial section of this Comprehensive Annual Financial Report.

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 the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ASBO Certificate of Excellence

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence on Financial Reporting for the fiscal year ended June 30, 2003, to the District. The award certifies that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials. Management believes the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004, will again conform to ASBO's principles and standards as well, and will be submitted to ASBO for review.

ACKNOWLEDGEMENTS

The preparation of this report was made possible by the dedication and efforts of the entire staff of the Treasurer's Office. Finally, the support and commitment to excellence by the Fairfield Board of Education and the citizens of the District was vital to the successful issuance of this report and the continuing efforts being made to improve our financial management and reporting.

Respectfully Submitted,

Nancy L. Lane
Interim Treasurer

Dr. Robert Farrell
Superintendent

**FAIRFIELD CITY SCHOOL DISTRICT, OHIO
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2004**

BOARD OF EDUCATION

**President
Vice President
Board Member
Board Member
Board Member**

**Anne Crone
Michael Oler
Maurice A. Godsey
Terry Senger
Nancy L. Wenning**

ADMINISTRATIVE OFFICIALS

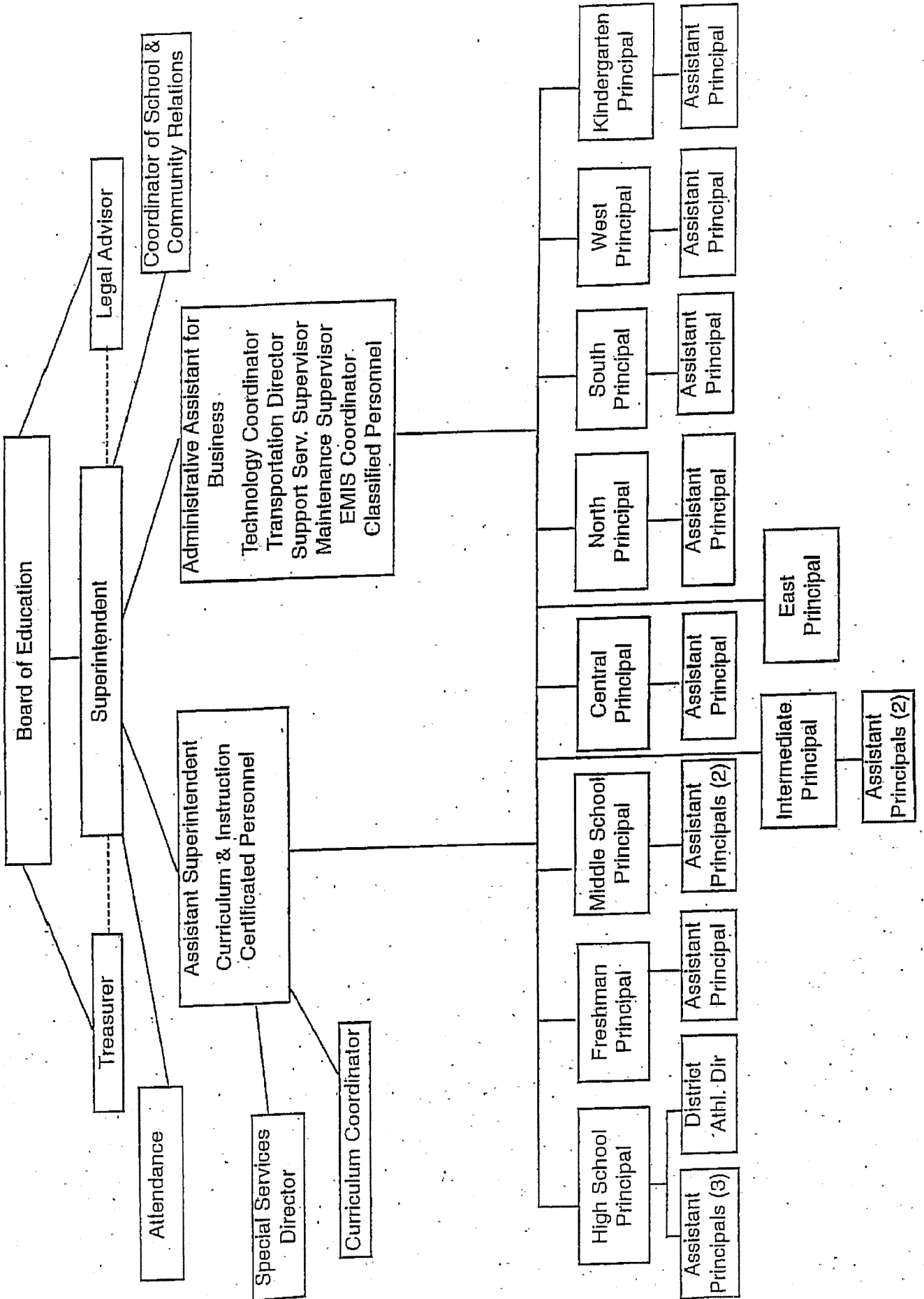
**Superintendent
Interim Treasurer
Assistant Superintendent
(Certificated Personnel)
Administrative Assistant
For Business (Classified Personnel)**

**Dr. Robert Farrell
Ms. Nancy L. Lane

Dr. Lynn Kitchen

Mr. Rob Amodio**

Fairfield Administrative Staff



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fairfield City School
District, Ohio

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

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



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



xx

This Certificate of Excellence in Financial Reporting is presented to

FAIRFIELD CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

William F. Felt
President

Barbara W. Keller
Executive Director

**FINANCIAL
SECTION**



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Fairfield City School District:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that 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, each major fund, and the aggregate remaining fund information of Fairfield City School District as of June 30, 2004, and the respective changes in financial position thereof 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 3, 2004 on our consideration of the Fairfield City School 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 3 to 10 and 42 to 44, respectively, are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 3, 2004

FAIRFIELD CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2004
(Unaudited)

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

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2004 are as follows:

- Net assets of governmental activities decreased (\$2,476,413) which represents a (13.4%) decrease from 2003.
- General revenues accounted for \$69,514,495 in revenue or 90.2% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7,563,418 or 9.8% of total revenues of \$77,077,913.
- Total assets of governmental activities increased by \$2,679,482 as taxes receivable increased by \$7,284,433 and cash and other receivables decreased by (\$3,632,339).
- The District had \$79,554,326 in expenses related to governmental activities; \$7,563,418 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$69,514,495 were adequate to provide for these programs.
- All governmental funds had total revenues and other financing sources of \$76,841,411 and expenditures and other financing uses of \$80,809,717. The net change (decrease) in fund balance for the year was \$3,968,306.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statements of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund and Debt Service are the major funds of the District.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2004?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of 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 District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

The District as a Whole

As stated previously, the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for 2003 compared to 2004:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2004</u>
Assets		
Current and Other Assets	\$50,311,948	\$53,942,820
Capital Assets	<u>63,576,945</u>	<u>62,625,555</u>
Total Assets	<u>113,888,893</u>	<u>116,568,375</u>
Liabilities		
Long-Term Liabilities	50,340,322	48,763,832
Other Liabilities	<u>45,108,901</u>	<u>51,841,288</u>
Total Liabilities	<u>95,449,223</u>	<u>100,605,120</u>
Net Assets		
Invested in Capital		
Assets Net of Debt	20,926,290	21,570,632
Restricted	2,438,988	2,867,558
Unrestricted	<u>(4,925,608)</u>	<u>(8,474,935)</u>
Total Net Assets	<u>\$18,439,670</u>	<u>\$15,963,255</u>

Total assets increased \$2,679,482. Equity in pooled cash and cash equivalents decreased \$3,587,536. Taxes receivable increased \$7,284,443. Total liabilities increased \$5,155,897, resulting in a net asset decrease of \$2,476,413.

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2004, the District's assets exceeded liabilities by \$15,963,255.

At year-end, capital assets represented 53.45% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2004, was \$21,570,632. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$2,867,558, represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Table 2 shows the changes in net assets at year-end.

Table 2
Changes in Net Assets

	Governmental Activities	
	<u>2003</u>	<u>2004</u>
Revenues		
Program Revenues:		
Charges for Services	\$3,904,777	\$3,461,933
Operating Grants	3,488,922	4,031,923
Capital Grants	371,354	69,562
General Revenue:		
Property Taxes	34,377,428	37,930,512
Grants and Entitlements	28,185,190	28,956,635
Other	<u>1,301,596</u>	<u>2,627,348</u>
Total Revenues	<u>71,629,267</u>	<u>77,077,913</u>
Program Expenses:		
Instruction	41,503,349	43,328,693
Support Services:		
Pupil and Instructional Staff	7,257,855	8,622,993
General and School Administrative, Fiscal and Business	6,500,190	7,019,206
Operations and Maintenance	6,887,083	6,759,627
Pupil Transportation	4,409,121	5,451,797
Central	167,298	142,874
Community Services	4,090,699	4,443,516
Extracurricular Activities	1,730,593	1,601,544
Interest and Fiscal Charges	<u>2,280,456</u>	<u>2,184,076</u>
Total Expenses	<u>74,826,644</u>	<u>79,554,326</u>
Increase (decrease) in Net Assets	<u>(\$3,197,377)</u>	<u>(\$2,476,413)</u>

Of the total governmental activities revenues of \$77,077,913, \$7,563,418 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$37,930,512 (49%) comes from property tax levies and \$28,956,635 (37%) is from state and federal funding. This District's operations are reliant upon its property tax levy and the state's foundation program.

Net assets decreased \$2,476,413, which was caused mainly by an increase in instructional expenditures (wages, etc.) and pupil transportation expenditures (buses, etc.).

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 86.7% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 55% of revenue for governmental activities for the District in fiscal year 2004.

Instruction comprises 55% of governmental program expenses. Support services expenses were 35% of governmental program expenses. All other expenses including interest expense were 10%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

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.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Instruction	\$41,503,349	\$43,328,693	(\$39,081,269)	(\$40,017,503)
Support Services:				
Pupil and Instructional Staff	7,257,855	8,622,993	(6,677,919)	(6,716,558)
Board, Administration, Fiscal and Business	6,500,190	7,019,206	(6,315,077)	(6,805,654)
Operations and Maintenance	6,887,083	6,759,627	(6,758,388)	(6,612,762)
Pupil Transportation	4,409,121	5,451,797	(4,171,113)	(5,381,326)
Central	167,298	142,874	(167,298)	(142,874)
Operation of Non-Instructional Services	4,090,699	4,443,516	20,128	(3,564,752)
Extracurricular Activities	1,730,593	1,601,544	(1,630,199)	(565,403)
Interest and Fiscal Charges	<u>2,280,456</u>	<u>2,184,076</u>	<u>(2,280,456)</u>	<u>(2,184,076)</u>
Total Expenses	<u>\$74,826,644</u>	<u>\$79,554,326</u>	<u>(\$67,061,591)</u>	<u>(\$71,990,908)</u>

The District's Funds

Information about the District's major funds is presented in the Fund Financial Statements (see Table of Contents). These funds are accounted for using the modified accrual basis of accounting. As the major fund, the General Fund had \$63,212,390 in revenues and \$67,030,554 in expenditures. The General Fund's fund balance decreased from \$2,320,836 to (\$1,682,954). The Debt Service Fund had \$3,722,975 in revenues and \$4,087,203 in expenditures. The Debt Service Fund's fund balance decreased from \$2,079,092 to \$1,814,609.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2004, the District amended its general fund budget numerous times; however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$63.22 million, over original budget estimates of \$62.99 million. Of this \$0.23 million difference, most was due to overestimating taxes and interest revenue.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the District had \$62,625,555 invested in land, buildings and equipment. Table 4 shows fiscal 2004 balances compared to 2003:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2004</u>
Land	\$3,803,351	\$3,803,351
Construction in Progress	0	159,842
Buildings and Improvements	55,357,279	55,158,926
Equipment	<u>4,416,315</u>	<u>3,503,436</u>
Total Net Capital Assets	<u>\$63,576,945</u>	<u>\$62,625,555</u>

Debt

At June 30, 2004, the District had \$40,795,655 in bonds outstanding, \$2,015,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities <u>2003</u>	Governmental Activities <u>2004</u>
General Obligation Bonds:		
1994 School Improvement	\$3,300,000	\$3,200,000
1994 School Improvement	2,760,000	2,280,000
1997 Refund 1987 School Improvement Bonds	2,234,814	1,874,814
1997 Energy Conservation Bonds	1,610,000	1,240,000
2001 Refund 1994 School Improvement Bonds	<u>32,745,841</u>	<u>32,200,841</u>
Total Bonds	<u>\$42,650,655</u>	<u>\$40,795,655</u>

Detail information relating to capital assets and debt is presented in the Notes to the Basic Financial Statements.

For the Future

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not "equitable" nor "adequate". The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court's concerns.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

With no major increases in state funding projected, the District must increase revenues by submitting an operating levy to the community in the near future. At this time, the Board has not set the date and amount for the levy. Even though the District is projecting a slight increase in enrollment, the need for increased revenues is projected for fiscal year 2005. This increased funding will be needed to provide all students a quality education. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

The District has committed itself to financial excellence for many years. The District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1993 and the GFOA Budget Award since 1993.

In addition, the District's system of budgeting and internal controls is well regarded. All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nancy Lane, Interim Treasurer/CFO at Fairfield City School District, 211 Donald Drive, Fairfield, Ohio 45014.

Fairfield City School District, Ohio
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$8,607,065
Restricted Cash and Investments	203,843
Receivables:	
Taxes	44,603,466
Accounts	38,167
Interest	12,649
Intergovernmental	454,935
Inventory	22,695
Nondepreciable Capital Assets	3,963,193
Depreciable Capital Assets, Net	<u>58,662,362</u>
 Total Assets	 <u>116,568,375</u>
Liabilities:	
Accounts Payable	715,335
Accrued Wages and Benefits	8,678,301
Accrued Interest Payable	173,305
Deferred Revenue	42,274,347
Long-Term Liabilities:	
Due Within One Year	2,701,933
Due In More Than One Year	<u>46,061,899</u>
 Total Liabilities	 <u>100,605,120</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	21,570,632
Restricted for:	
Special Revenue	713,377
Debt Service	1,770,790
Capital Projects	179,548
Set-Aside	203,843
Unrestricted	<u>(8,474,935)</u>
 Total Net Assets	 <u><u>\$15,963,255</u></u>

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction:					
Regular	\$36,508,327	\$762,825	\$948,463	\$0	(\$34,797,039)
Special	5,526,911	198,663	757,294	0	(4,570,954)
Vocational	92,153	0	0	0	(92,153)
Other	1,201,302	0	643,945	0	(557,357)
Support Services:					
Pupil	3,478,770	1,289,446	343,916	0	(1,845,408)
Instructional Staff	5,144,223	40,701	232,372	0	(4,871,150)
General Administration	16,609	0	0	0	(16,609)
School Administration	5,338,349	0	166,823	0	(5,171,526)
Fiscal	1,310,808	0	0	0	(1,310,808)
Business	353,440	0	46,729	0	(306,711)
Operations and Maintenance	6,759,627	133,527	13,338	0	(6,612,762)
Pupil Transportation	5,451,797	630	279	69,562	(5,381,326)
Central	142,874	0	0	0	(142,874)
Operation of Non-Instructional Services	4,443,516	0	878,764	0	(3,564,752)
Extracurricular Activities	1,601,544	1,036,141	0	0	(565,403)
Interest and Fiscal Charges	2,184,076	0	0	0	(2,184,076)
Totals	\$79,554,326	\$3,461,933	\$4,031,923	\$69,562	(\$71,990,908)

General Revenues:	
Property Taxes Levied for:	
General Purposes	32,751,029
Debt Service Purposes	3,443,929
Capital Projects Purposes	1,735,554
Grants and Entitlements not Restricted to Specific Programs	28,956,635
Payment in Lieu of Taxes	1,216,215
Unrestricted Contributions	1,000
Investment Earnings	142,386
Other Revenues	1,267,747
Total General Revenues and Transfers	69,514,495
Change in Net Assets	(2,476,413)
Net Assets Beginning of Year, As Restated	18,439,668
Net Assets End of Year	\$15,963,255

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$4,622,385	\$1,717,392	\$2,267,288	\$8,607,065
Restricted Cash and Investments	203,843	0	0	203,843
Receivables:				
Taxes	37,968,909	3,977,527	2,657,030	44,603,466
Accounts	13,058	0	25,109	38,167
Interest	12,614	0	35	12,649
Intergovernmental	0	0	454,935	454,935
Interfund	1,068,057	0	0	1,068,057
Inventory	0	0	22,695	22,695
Total Assets	43,888,866	5,694,919	5,427,092	55,010,877
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	505,645	0	209,690	715,335
Accrued Wages and Benefits	7,638,952	0	461,873	8,100,825
Compensated Absences	292,116	0	1,784	293,900
Interfund Payable	0	0	1,068,057	1,068,057
Deferred Revenue	37,135,107	3,880,310	2,633,396	43,648,813
Total Liabilities	45,571,820	3,880,310	4,374,800	53,826,930
Fund Balances:				
Reserved for Encumbrances	409,234	0	877,458	1,286,692
Reserved for Inventory	0	0	22,695	22,695
Reserved for Property Tax Advances	833,802	97,217	67,838	998,857
Reserved for Set-Aside	203,843	0	0	203,843
Unreserved, Designated for General Fund	0	0	0	0
Unreserved, Undesignated, Reported in:				
General Fund	(3,129,833)	0	0	(3,129,833)
Special Revenue Funds	0	0	870,359	870,359
Debt Service Funds	0	1,717,392	0	1,717,392
Capital Projects Funds	0	0	(786,058)	(786,058)
Total Fund Balances	(1,682,954)	1,814,609	1,052,292	1,183,947
Total Liabilities and Fund Balances	\$43,888,866	\$5,694,919	\$5,427,092	\$55,010,877

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2004

Total Governmental Fund Balance		\$1,183,947
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.		62,625,555
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	1,330,262	
Intergovernmental	<u>44,204</u>	
		1,374,466
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(173,305)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Pension Obligation	(577,476)	
Compensated Absences	<u>(7,415,009)</u>	
		(7,992,485)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(41,054,923)</u>
Net Assets of Governmental Activities		<u>\$15,963,255</u>

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$31,640,609	\$3,314,443	\$1,645,199	\$36,600,251
Tuition and Fees	804,328	0	0	804,328
Investment Earnings	140,998	0	1,388	142,386
Intergovernmental	29,075,944	408,532	3,598,066	33,082,542
Extracurricular Activities	0	0	247,177	247,177
Charges for Services	0	0	2,280,253	2,280,253
Other Revenues	1,550,511	0	1,070,099	2,620,610
Total Revenues	63,212,390	3,722,975	8,842,182	75,777,547
Expenditures:				
Current:				
Instruction:				
Regular	33,285,162	0	827,832	34,112,994
Special	4,892,562	0	544,038	5,436,600
Vocational	78,429	0	0	78,429
Other	1,201,302	0	0	1,201,302
Support Services:				
Pupil	2,601,234	0	887,910	3,489,144
Instructional Staff	4,676,600	0	344,042	5,020,642
General Administration	16,609	0	0	16,609
School Administration	5,173,700	0	157,236	5,330,936
Fiscal	1,231,817	47,214	22,705	1,301,736
Business	309,655	0	32,765	342,420
Operations and Maintenance	6,654,265	0	64,970	6,719,235
Pupil Transportation	4,970,879	0	9,411	4,980,290
Central	140,618	0	0	140,618
Operation of Non-Instructional Services	0	0	4,180,304	4,180,304
Extracurricular Activities	1,341,652	0	251,193	1,592,845
Capital Outlay	256,795	0	1,569,809	1,826,604
Debt Service:				
Principal Retirement	192,149	1,855,000	0	2,047,149
Interest and Fiscal Charges	7,126	2,184,989	0	2,192,115
Total Expenditures	67,030,554	4,087,203	8,892,215	80,009,972
Excess of Revenues Over (Under) Expenditures	(3,818,164)	(364,228)	(50,033)	(4,232,425)
Other Financing Sources (Uses):				
Proceeds of Capital Leases	256,795	0	0	256,795
Proceeds from Sale of Capital Assets	7,324	0	0	7,324
Transfers In	0	449,745	350,000	799,745
Transfers (Out)	(449,745)	(350,000)	0	(799,745)
Total Other Financing Sources (Uses)	(185,626)	99,745	350,000	264,119
Net Change in Fund Balance	(4,003,790)	(264,483)	299,967	(3,968,306)
Fund Balance Beginning of Year, As Restated	2,320,836	2,079,092	752,325	5,152,253
Fund Balance End of Year	(\$1,682,954)	\$1,814,609	\$1,052,292	\$1,183,947

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balance - Total Governmental Funds (\$3,968,306)

Amounts reported for governmental activities in the
 statement of activities are different because:

Governmental funds report capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	1,860,746	
Depreciation Expense	<u>(2,810,286)</u>	(949,540)

Governmental funds only report the disposal of assets to the
 extent proceeds are received from the sale. In the statement
 of activities, a gain or loss is reported for each disposal. The
 amount of the proceeds must be removed and the gain or loss
 on the disposal of capital assets must be recognized. This is the
 amount of the difference between the proceeds and the gain or loss. (1,850)

Revenues in the statement of activities that do not provide
 current financial resources are not reported as revenues in
 the funds.

Delinquent Property Taxes	1,261,636	
Intergovernmental	<u>44,204</u>	1,305,840

Repayment of bond and capital lease principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 2,047,149

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 8,039

Some expenses 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.

Pension Obligation	(221,740)	
Compensated Absences	<u>(439,210)</u>	(660,950)

Proceeds from debt issues are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net assets. (256,795)

Change in Net Assets of Governmental Activities (\$2,476,413)

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$3,839	\$127,198
Receivables:		
Accounts	0	2,117
Interest	1	0
Total Assets	<u>3,840</u>	<u>\$129,315</u>
Liabilities:		
Accounts Payable	0	3,786
Other Liabilities	0	125,529
Total Liabilities	<u>0</u>	<u>\$129,315</u>
Net Assets:		
Held in Trust	<u>3,840</u>	
Total Net Assets	<u>\$3,840</u>	

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
 Statement of Changes in Fiduciary Net Assets
 Fiduciary Fund
 For the Fiscal Year Ended June 30, 2004

	Private Purpose Trust
Additions:	
Donations	\$150
Investment Earnings	20
Total Additions	<u>170</u>
Deductions:	
Pupil	<u>120</u>
Total Deductions	<u>120</u>
Change in Net Assets	50
Net Assets Beginning of Year	<u>3,790</u>
Net Assets End of Year	<u><u>\$3,840</u></u>

See accompanying notes to the basic financial statements.

FAIRFIELD CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2004

1. DESCRIPTION OF THE DISTRICT

The Fairfield City School District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by approximately 449 non-certificated personnel and approximately 607 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 21st largest in the State of Ohio (among 612 Districts) in terms of enrollment and the 3rd largest in Butler County. It currently operates 1 kindergarten center, 5 elementary schools (serving grades 1 - 4), 1 intermediate school (serving grades 5-6), 1 middle school (serving grades 7 - 8), 1 freshman school (serving grade 9), and 1 comprehensive high school (serving grades 10 - 12). The District services an area of 38 square miles.

The financial statements of the 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 District's significant accounting policies are described below.

REPORTING ENTITY

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 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 most significant of the District's accounting policies are described below.

MEASUREMENT FOCUS

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the 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 and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. 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 District.

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 (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary Funds are reported using the economic resources measurement focus.

FUND ACCOUNTING

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

Fiduciary Funds

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 District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two agency funds. The agency fund (student activities) is used to account for the resources that belong to the various student groups in the District. The fund accounts for sales and other revenue generating activities by student activity programs, which have students involved in the management of the program. The agency fund (unclaimed monies) is used to account for funds that belong to others as a result of outstanding checks over one year old. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the actual 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

Deferred Revenue

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

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

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as any expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

CASH AND CASH EQUIVALENTS

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2004 amounted to \$142,386.

INVENTORY

Inventories are presented at cost on a first in, first out basis and are expended/expensed when used. Inventory consists of food held for resale and consumable supplies.

CAPITAL ASSETS

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars (\$1,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings	30 - 50 years
Building Improvements	10 - 30 years
Furniture and Equipment	5 - 10 years
Vehicles	5 - 10 years

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

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

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	Not Eligible	Not Eligible	10-25 days for each Service year depending on length of service.
Maximum Accumulation	Not Applicable	Not Applicable	25 days
Vested	Not Applicable	Not Applicable	As Earned
Termination Entitlement	Not Applicable	Not Applicable	Paid upon Termination
<u>Sick Leave</u>			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	330 days according to bargaining agreements	330 days	330 days according to bargaining agreements
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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.

INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables". These amounts are eliminated in the governmental activities column on the Statement of Net Assets.

FUND EQUITY

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, inventory, budgetary set-asides and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

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.

RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. A corresponding fund balance reserve has also been established.

3. CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and cash equivalents."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies - Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies - 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) Repurchase agreements in the securities enumerated above.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – At the year end, the carrying amount of the District's deposits was \$228,822. The bank balance of deposits was \$471,332 of which \$100,000 was covered by federal depository insurance. The remaining balance of \$371,332 was covered by 110% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

Investments – The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end (GASB Statement 3):

- Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.
- Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the District's name.

Based on the above criteria, the District's investments at year-end are classified as follows:

<u>Description</u>	<u>Category 2</u>	Carrying Amount/ <u>Fair Value</u>
Money Market*	\$0	\$50,468
U.S. Agencies	2,069,853	2,069,853
U.S Treasury Bonds	2,134,295	2,134,295
State Treasury Pool*	<u>0</u>	<u>4,458,507</u>
Total Investments	<u>\$4,204,148</u>	<u>\$8,713,123</u>

*The District's Investments in the Money Market and Ohio State Treasury Pool are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

4. PROPERTY TAXES

Real property taxes collected in 2004 were levied after April 1, 2003 on the assessed values as of January 1, 2003, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year. The most recent re-evaluation was completed in January, 1998.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2003, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2003, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2004. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2004 on the fund statements. The entire amount of delinquent taxes receivable is recognized as a revenue on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2004, was \$833,802 for General Fund, \$97,217 for Debt Service and \$67,838 for Permanent Improvements, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2004 operations.

The assessed value, by property classification, upon which taxes collected in 2004 were based as follows:

Tangible and Public Utility Personal	\$129,736,033
Real Estate	<u>1,190,539,390</u>
Total Assessed Property Value	<u>\$1,320,275,423</u>

5. RECEIVABLES

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	<u>Amounts</u>
IDEA Part B	\$255,817
Preschool Disabilities	5,711
Title II-D	7,242
Title I	24,520
Title II-A	31,473
Title V	14,269
Title IV-A	9,655
Title III	21,572
Ohio Environmental Ed.	4,362
Title VI-B	3,295
Public Preschool	3,001
Student Intervention	6,808
Food Service	<u>67,210</u>
Total	<u>\$454,935</u>

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Government Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$3,803,351	\$0	\$0	\$3,803,351
Construction in Progress	<u>0</u>	<u>159,842</u>	<u>0</u>	<u>159,842</u>
Total Capital Assets, not being depreciated	<u>3,803,351</u>	<u>159,842</u>	<u>\$0</u>	<u>\$3,963,193</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	66,037,428	527,482	0	66,564,910
Equipment	<u>22,357,291</u>	<u>1,173,422</u>	<u>362,773</u>	<u>23,167,940</u>
Total Capital Assets, being depreciated	<u>88,394,719</u>	<u>1,700,904</u>	<u>362,773</u>	<u>89,732,850</u>
Totals at Historical Cost	<u>\$92,198,070</u>	<u>\$1,860,746</u>	<u>\$362,773</u>	<u>\$93,696,043</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$10,680,149	\$725,835	\$0	\$11,405,984
Equipment	<u>17,940,976</u>	<u>2,084,451</u>	<u>360,923</u>	<u>19,664,504</u>
Total Accumulated Depreciation	<u>\$28,621,125</u>	<u>\$2,810,286</u>	<u>\$360,923</u>	<u>\$31,070,488</u>
Governmental Activities Capital Assets, Net	<u>\$63,576,945</u>	<u>(\$949,540)</u>	<u>\$1,850</u>	<u>\$62,625,555</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$2,002,144
Special	101,232
Vocational	254,217
Support Services:	
Pupil	2,566
Instructional Staff	23,271
School Administration	39,963
Fiscal	12,252
Business	10,060
Operations and Maintenance	30,187
Pupil Transportation	270,049
Central	2,747
Operation of Non-instructional Activities	59,657
Extracurricular Activities Expense	1,941
Total Depreciation Expense	<u>\$2,810,286</u>

7. LEGAL DEBT MARGIN

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2004, are a voted debt margin of \$79,843,742 and an unvoted debt margin of \$1,320,275.

The bond issues are a general obligation of the District for which the full faith and credit of the District is pledged for repayment. Payment of principal and interest relating to this liability is recorded as an expenditure in the Debt Service Fund.

8. NOTES PAYABLE

The District was liable during the fiscal year for a tax anticipation note payable presented below.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance July 1</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30</u>
Tax Anticipation	2.54%	10/26/02	10/24/03	\$350,000	\$0	\$350,000	\$0

9. LONG-TERM LIABILITIES

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

	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental Activities:						
Bonds:						
1994 School Improvement I	7.3157	\$3,300,000	\$0	\$100,000	\$3,200,000	\$100,000
1994 School Improvement II	6.2490	2,760,000	0	480,000	2,280,000	595,000
1997 Refunding	6.5702	2,234,814	0	360,000	1,874,814	375,000
1997 Energy Conservation	5.2270	1,610,000	0	370,000	1,240,000	390,000
2001 School Improvement Refunding	4.8600	<u>32,745,841</u>	<u>0</u>	<u>545,000</u>	<u>32,200,841</u>	<u>555,000</u>
Total Bonds		42,650,655	0	1,855,000	40,795,655	2,015,000
Capital Lease		194,622	256,795	192,149	259,268	173,619
Compensated Absences		<u>7,495,045</u>	<u>742,157</u>	<u>528,293</u>	<u>7,708,909</u>	<u>513,314</u>
Total Governmental Activities		<u>\$50,340,322</u>	<u>\$998,952</u>	<u>\$2,575,442</u>	<u>\$48,763,832</u>	<u>\$2,701,933</u>

The following is a summary of the District's future annual debt service requirements for general obligations:

BONDED DEBT

<u>Fiscal Year Ending June 30</u>	<u>Bond Principal</u>	<u>Bond Interest</u>	<u>Total</u>
2005	\$2,015,000	\$2,079,656	\$4,094,656
2006	2,195,000	1,971,911	4,166,911
2007	2,495,000	1,851,586	4,346,586
2008	2,210,000	1,740,974	3,950,974
2009	1,979,664	2,047,954	4,027,619
2010-2014	7,170,991	12,954,254	20,125,245
2015-2019	15,000,000	4,183,266	19,183,266
2020-2021	<u>7,730,000</u>	<u>423,281</u>	<u>8,153,281</u>
TOTAL	<u>\$40,795,655</u>	<u>\$27,252,882</u>	<u>\$68,048,538</u>

10. PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District's financial statements. On June 30, 2004, \$34.365 million of bonds outstanding are considered defeased.

11. CAPITAL LEASES

The District, in prior years, has entered into capital leases for exercise and fitness equipment and computers.

The lease for the exercise and fitness equipment and computers meet the criteria of capital lease as defined by statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments for the exercise and fitness equipment and computers will be made from the General fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Long-Term</u> <u>Debt</u>
2005	\$180,837
2006	<u>88,647</u>
Total Minimum Lease Payments	269,484
Less: Amount Representing Interest	<u>(10,216)</u>
Present Value of Minimum Lease Payments	<u>\$259,268</u>

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Equipment	\$566,831
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12. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided 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. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

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 School District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,659,252, \$1,516,788, and \$1,418,832, respectively; 47.8% has been contributed for fiscal year 2003 and 100% for fiscal year 2003 and 2002.

STATE TEACHERS RETIREMENT SYSTEM

The School District participates in State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

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 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. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for 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 become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2004, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations 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 members and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002 were \$5,092,584, \$4,401,696, and \$4,274,784, respectively; 81.6% has been contributed for fiscal year 2004 and 100% for fiscal year 2003 and 2002.

13. POST EMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits included hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provision and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. 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 Board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$1,636,902 during the 2004 fiscal year. As of July 1, 2003, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2003, net health care costs paid by STRS were \$352,301,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge rate added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$690,960 during the 2004 fiscal year. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2003, net health care costs paid by SERS were \$204,930,737.

14. CONTINGENT LIABILITIES

GRANTS

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2004.

LITIGATION

The District is involved in a lawsuit. Although the outcome of this lawsuit is not presently determinable, in the opinion of the District, this matter will not have a material adverse affect on the financial condition of the District.

District management estimates that all other potential claims, not covered by insurance of the District, resulting from all other litigation would not materially affect the financial statements of the District.

15. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year, the District contracted with Indiana Insurance Company for property and general liability insurance and boiler and machinery insurance.

Boiler and machinery coverage has a \$5,000 deductible. General liability is protected by Indiana Insurance Company with \$1,000,000 each occurrence, \$2,000,000 aggregate limit. Vehicles are covered by Indiana Insurance Company with a \$500 deductible. Public officials bond insurance is provided by Brower Insurance Company and Nationwide Insurance Company. The Treasurer, Superintendent and Board President are covered by bonds in the amount of \$20,000 each. The District has elected to provide employee medical and dental benefits through Butler County Health Insurance Plan. The employees share the cost of the monthly premium for the coverage with the Board.

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three fiscal years.

16. STATE SCHOOL FUNDING DECISION

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

17. JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Computer Association

Southwestern Ohio Computer Association (SWOCA) is a jointly governed organization among a three county consortium of school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board consists of one representative from each of the participating 29 school districts.

Butler Technology and Career Development Schools

The Butler Technology and Career Development School is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from the participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Butler Technology and Career Development School is not part of the District and its operations are not included as part of the reporting entity.

18. COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit in fund balance:

General Fund:	\$1,682,954
Special Revenue Funds:	
Title VI B Pre-school	11,289
Title I	18,536
Classroom Size Reduction	5,915

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

19. STATUTORY RESERVES

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 year-end or offset by similar 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.

For fiscal year ended June 30, 2004, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of refund monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2003	(\$651,731)	\$ 0	\$203,843
Current Year set-aside Requirements	1,275,752	1,275,752	0
Current Year Offsets	0	(1,596,409)	0
Qualifying Disbursements	<u>(740,812)</u>	<u>(966,606)</u>	<u>0</u>
Total	<u>(\$116,791)</u>	<u>(\$1,287,263)</u>	<u>\$203,843</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$116,791)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Set-aside Reserve Balance as of June 30, 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$203,843</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero for textbooks and capital acquisition, only the amount for the textbooks set-aside may be used to reduce the set-aside requirement of future years. The capital acquisition negative amount is therefore not presented as being carried forward to the next fiscal year.

Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the Act. As of June 30, 2004, the Board had not acted on the Senate Bill requirements to eliminate the reserve balance. In the General Fund, the \$1,212,213 portion of the non-BWC (Bureau of Workers' Compensation) monies was designated for set-aside. The District is still required by State law to maintain the textbook reserve and the capital acquisition reserve.

20. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2004, consisted of the following individual fund receivables and payables:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$1,068,057	\$0	\$0	\$449,745
Debt Service Fund	<u>0</u>	<u>0</u>	<u>449,745</u>	<u>350,000</u>
Nonmajor Funds:				
Extracurricular Student Activities	0	965	0	0
Summer Intervention	0	416	0	0
Title VIB Preschool	0	106,181	0	0
Title III	0	18,873	0	0
Title VI	0	1,700	0	0
Miscellaneous Federal	0	5,322	0	0
Permanent Improvement	<u>0</u>	<u>934,600</u>	<u>350,000</u>	<u>0</u>
Total Nonmajor Funds	<u>0</u>	<u>1,068,057</u>	<u>350,000</u>	<u>0</u>
Total All Funds	<u>\$1,068,057</u>	<u>\$1,068,057</u>	<u>\$799,745</u>	<u>\$799,745</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

21. PRIOR PERIOD ADJUSTMENT

The beginning net asset/fund balances of other governmental funds, enterprise and governmental activities have been adjusted for the reclassification of enterprise funds as follows:

	Other		
	Governmental <u>Funds</u>	<u>Enterprise</u>	Governmental <u>Activities</u>
June 30, 2003 Fund Balance/ Net Assets, as previously stated	\$345,296	\$431,106	\$18,008,562
Fund Reclassification	<u>407,029</u>	<u>(431,106)</u>	<u>431,106</u>
June 30, 2003 Fund Balance/ Net Assets, as restated	<u>\$752,325</u>	<u>\$0</u>	<u>\$18,439,668</u>

22. CHANGE IN ACCOUNTING POLICY

For fiscal year 2004, the District implemented GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units". The implementation of GASB No. 39 had no impact on fiscal year 2003 net assets or fund balance.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$31,538,066	\$31,651,828	\$31,651,828	\$0
Tuition and Fees	800,251	803,138	803,138	0
Investment Earnings	143,136	143,652	143,652	0
Intergovernmental	28,971,440	29,075,944	29,075,944	0
Other Revenues	1,538,440	1,543,989	1,543,989	0
Total Revenues	62,991,333	63,218,551	63,218,551	0
Expenditures:				
Current:				
Instruction:				
Regular	33,899,693	33,524,027	33,524,027	0
Special	4,875,888	4,821,855	4,821,855	0
Vocational	77,886	77,023	77,023	0
Other	1,224,653	1,211,082	1,211,082	0
Support Services:				
Pupil	2,631,629	2,602,466	2,602,466	0
Instructional Staff	4,319,216	4,271,352	4,271,352	0
General Administration	16,767	16,581	16,581	0
School Administration	5,146,990	5,089,953	5,089,953	0
Fiscal	1,253,260	1,239,372	1,239,372	0
Business	316,366	312,860	312,860	0
Operations and Maintenance	6,808,511	6,733,061	6,733,061	0
Pupil Transportation	5,076,734	5,020,475	5,020,475	0
Central	148,902	147,252	147,252	0
Extracurricular Activities	1,348,299	1,333,358	1,333,358	0
Total Expenditures	67,144,794	66,400,717	66,400,717	0
Excess of Revenues Over (Under) Expenditures	(4,153,461)	(3,182,166)	(3,182,166)	0
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	7,298	7,324	7,324	0
Advances In	125,311	123,922	123,922	0
Advances (Out)	(448,129)	(449,745)	(449,745)	0
Transfers (Out)	(1,080,025)	(1,068,057)	(1,068,057)	0
Total Other Financing Sources (Uses)	(1,395,545)	(1,386,556)	(1,386,556)	0
Net Change in Fund Balance	(5,549,006)	(4,568,722)	(4,568,722)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,862,747	8,862,747	8,862,747	0
Fund Balance End of Year	\$3,313,741	\$4,294,025	\$4,294,025	\$0

See accompanying notes to the required supplementary information.

FAIRFIELD CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2004

1. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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 budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2004.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

While the 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 Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual 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 for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$4,003,790)
Net Adjustment for Revenue Accruals	(126,712)
Net Adjustment for Expenditure Accruals	93,982
Encumbrances	<u>(532,202)</u>
Budget Basis	<u><u>(\$4,568,722)</u></u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS: Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

PUBLIC SCHOOL SUPPORT: To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

SPRING RECOGNITION: To account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

EXTRACURRICULAR STUDENT ACTIVITIES: To account for those student activity programs which have student participation in the activity but do not have student management in the programs. This fund includes athletic programs as well as the band, cheerleaders, flag corps and other similar types of activities.

AUXILIARY SERVICES: To account for state funds which provide services and materials to students attending non-public schools within the boundaries of the District as provided by state law.

STAFF DEVELOPMENT: To account for state funds provided for staff development programs.

MANAGEMENT INFORMATION: To account for state funds which are provided to assist the District in implementing a staff, student and financial system as mandated by the Omnibus Education Reform Act of 1989.

PUBLIC SCHOOL PRE-SCHOOL: To account for state funds to assist school districts in paying the cost of pre-school programs.

ENTRY YEAR GRANT: To account for state funds provided for entry year programs.

SCHOOLNET ONENET: To account for state funds related to the District's SchoolNet OneNet program.

SCHOOLNET PROFESSIONAL DEVELOPMENT: To account for a limited number of professional development subsidy grants.

OHIO READS: To account for state funds, which are designated reading.

SUMMER INTERVENTION: To account for funds, which are used for summer intervention.

SCHOOL SECURITY: To account for state funds provided for security of equipment.

TITLE VI B PRE-SCHOOL: To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialist in providing educational services to the handicapped.

TITLE III: Federal grant used to account for federal monies provided to support the District's ESL population.

TITLE I: To account for federal funds for services provided to meet special educational needs of educationally deprived children.

TITLE VI: To account for federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

DRUG FREE SCHOOLS: To account for federal funds used for establishment, operation and improvement of programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

PRE-SCHOOL DISABILITIES: This program, Section 619 of Public Law 99-457, addresses the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

TELECOM ACT: To account for funds to be used for telecommunications.

CLASSROOM SIZE REDUCTION: To account for federal funds to be used for classroom size reduction.

MISCELLANEOUS FEDERAL: To account for federal funds related to Goals 2000, Raising the Bar and the Assistive Technology Infusion programs.

FOOD SERVICE: To account for all revenues and expenses related to the provision of food services, including breakfast and lunch, for the District students and staff.

UNIFORM SCHOOL SUPPLY: To account for the purchase and sale of school supplies as adopted by the Board of Education for use in all schools of the District.

LATCHKEY: To account for all revenues and expenses related to the operation of the Latchkey Program for the District students.

CAPITAL PROJECTS FUNDS: The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

PERMANENT IMPROVEMENT: To account for all transactions related to improvements to existing District facilities.

INTERACTIVE VIDEO DISTANCE LEARNING: Fund used to account for all transactions relating to the interactive video distance learning program.

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Fairfield City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,186,999	\$1,080,289	\$2,267,288
Receivables:			
Taxes	0	2,657,030	2,657,030
Accounts	25,109	0	25,109
Interest	35	0	35
Intergovernmental	454,935	0	454,935
Inventory	22,695	0	22,695
Total Assets	<u>1,689,773</u>	<u>3,737,319</u>	<u>5,427,092</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	85,356	124,334	209,690
Accrued Wages and Benefits	461,873	0	461,873
Compensated Absences	1,784	0	1,784
Interfund Payable	133,457	934,600	1,068,057
Deferred Revenue	44,204	2,589,192	2,633,396
Total Liabilities	<u>726,674</u>	<u>3,648,126</u>	<u>4,374,800</u>
Fund Balances:			
Reserved for Encumbrances	70,045	807,413	877,458
Reserved for Inventory	22,695	0	22,695
Reserved for Property Tax Advances	0	67,838	67,838
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	870,359	0	870,359
Capital Projects Funds	0	(786,058)	(786,058)
Total Fund Balances	<u>963,099</u>	<u>89,193</u>	<u>1,052,292</u>
Total Liabilities and Fund Balances	<u>\$1,689,773</u>	<u>\$3,737,319</u>	<u>\$5,427,092</u>

Fairfield City School District, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$0	\$1,645,199	\$1,645,199
Investment Earnings	1,388	0	1,388
Intergovernmental	3,412,400	185,666	3,598,066
Extracurricular Activities	247,177	0	247,177
Charges for Services	2,280,253	0	2,280,253
Other Revenues	1,070,099	0	1,070,099
Total Revenues	7,011,317	1,830,865	8,842,182
Expenditures:			
Current:			
Instruction:			
Regular	529,083	298,749	827,832
Special	544,038	0	544,038
Support Services:			
Pupil	887,910	0	887,910
Instructional Staff	344,042	0	344,042
School Administration	157,236	0	157,236
Fiscal	0	22,705	22,705
Business	32,765	0	32,765
Operations and Maintenance	64,970	0	64,970
Pupil Transportation	9,411	0	9,411
Operation of Non-Instructional Services	4,180,304	0	4,180,304
Extracurricular Activities	251,193	0	251,193
Capital Outlay	0	1,569,809	1,569,809
Total Expenditures	7,000,952	1,891,263	8,892,215
Excess of Revenues Over (Under) Expenditures	10,365	(60,398)	(50,033)
Other Financing Sources (Uses):			
Transfers In	0	350,000	350,000
Total Other Financing Sources (Uses)	0	350,000	350,000
Net Change in Fund Balance	10,365	289,602	299,967
Fund Balance Beginning of Year, As Restated	952,734	(200,409)	752,325
Fund Balance End of Year	\$963,099	\$89,193	\$1,052,292

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Fairfield City School District, Ohio
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2004

	Public School Support	Spring Recognition	Extracurricular Student Activities	Auxiliary Services	Staff Development
Assets:					
Equity in Pooled Cash and Investments	\$220,989	\$29,148	\$121,857	\$124,604	\$0
Receivables:					
Accounts	834	0	1,294	0	0
Interest	0	0	0	20	0
Intergovernmental	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	221,823	29,148	123,151	124,624	0
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	5,354	1,245	1,089	19,239	0
Accrued Wages and Benefits	0	0	0	35,996	0
Compensated Absences	0	0	0	0	0
Interfund Payable	0	0	965	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	5,354	1,245	2,054	55,235	0
Fund Balances:					
Reserved for Encumbrances	2,086	416	3,347	3,910	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	214,383	27,487	117,750	65,479	0
Total Fund Balances	216,469	27,903	121,097	69,389	0
Total Liabilities and Fund Balances	\$221,823	\$29,148	\$123,151	\$124,624	\$0

Management Information	Public School Pre-School	Entry Year Grant	SchoolNet OneNet	SchoolNet Professional Development	Ohio Reads	Summer Intervention
\$0	\$0	\$7,423	\$0	\$6,750	\$3,229	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	3,001	0	0	0	0	6,808
0	0	0	0	0	0	0
0	3,001	7,423	0	6,750	3,229	6,808
0	0	4,043	0	0	2,625	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	416
0	0	0	0	0	0	0
0	0	4,043	0	0	2,625	416
0	0	80	0	0	245	0
0	0	0	0	0	0	0
0	3,001	3,300	0	6,750	359	6,392
0	3,001	3,380	0	6,750	604	6,392
\$0	\$3,001	\$7,423	\$0	\$6,750	\$3,229	\$6,808

(continued)

Fairfield City School District, Ohio
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2004

	School Security	Title VI B Pre-School	Title III	Title I	Title VI
Assets:					
Equity in Pooled Cash and Investments	\$16,260	\$6,121	\$23,355	\$30,562	\$1,720
Receivables:					
Accounts	0	0	0	0	0
Interest	0	0	0	0	0
Intergovernmental	4,362	259,112	21,572	24,520	14,269
Inventory	0	0	0	0	0
Total Assets	20,622	265,233	44,927	55,082	15,989
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	5,602	3,563	1,350	1,518
Accrued Wages and Benefits	0	159,660	0	72,198	6,636
Compensated Absences	0	1,784	0	0	0
Interfund Payable	0	106,181	18,873	0	1,700
Deferred Revenue	4,362	3,295	3,085	70	6,109
Total Liabilities	4,362	276,522	25,521	73,618	15,963
Fund Balances:					
Reserved for Encumbrances	0	28	19,793	8,801	204
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	16,260	(11,317)	(387)	(27,337)	(178)
Total Fund Balances	16,260	(11,289)	19,406	(18,536)	26
Total Liabilities and Fund Balances	\$20,622	\$265,233	\$44,927	\$55,082	\$15,989

Drug Free Schools	Pre-School Disabilities	Telecom Act	Classroom Size Reduction	Miscellaneous Federal	Food Service	Uniform School Supply
\$11,260	\$0	\$48,889	\$8,342	\$7,432	\$92,189	\$159,203
0	0	0	0	0	4,453	9,349
0	0	0	0	0	15	0
9,655	5,711	0	31,473	7,242	67,210	0
0	0	0	0	0	22,695	0
<u>20,915</u>	<u>5,711</u>	<u>48,889</u>	<u>39,815</u>	<u>14,674</u>	<u>186,562</u>	<u>168,552</u>
0	0	3,263	11,347	3,250	10,216	4,524
0	0	0	17,520	0	114,666	0
0	0	0	0	0	0	0
0	0	0	0	5,322	0	0
9,655	0	0	16,863	765	0	0
<u>9,655</u>	<u>0</u>	<u>3,263</u>	<u>45,730</u>	<u>9,337</u>	<u>124,882</u>	<u>4,524</u>
8,287	0	6,520	0	2,182	8,781	3,261
0	0	0	0	0	22,695	0
<u>2,973</u>	<u>5,711</u>	<u>39,106</u>	<u>(5,915)</u>	<u>3,155</u>	<u>30,204</u>	<u>160,767</u>
<u>11,260</u>	<u>5,711</u>	<u>45,626</u>	<u>(5,915)</u>	<u>5,337</u>	<u>61,680</u>	<u>164,028</u>
<u>\$20,915</u>	<u>\$5,711</u>	<u>\$48,889</u>	<u>\$39,815</u>	<u>\$14,674</u>	<u>\$186,562</u>	<u>\$168,552</u>

(continued)

Fairfield City School District, Ohio
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2004

	Latchkey	Total Nonmajor Special Revenue Funds
Assets:		
Equity in Pooled Cash and Investments	\$267,666	\$1,186,999
Receivables:		
Accounts	9,179	25,109
Interest	0	35
Intergovernmental	0	454,935
Inventory	0	22,695
Total Assets	<u>276,845</u>	<u>1,689,773</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts Payable	7,128	85,356
Accrued Wages and Benefits	55,197	461,873
Compensated Absences	0	1,784
Interfund Payable	0	133,457
Deferred Revenue	0	44,204
Total Liabilities	<u>62,325</u>	<u>726,674</u>
Fund Balances:		
Reserved for Encumbrances	2,104	70,045
Reserved for Inventory	0	22,695
Unreserved, Undesignated, Reported in: Special Revenue Funds	<u>212,416</u>	<u>870,359</u>
Total Fund Balances	<u>214,520</u>	<u>963,099</u>
Total Liabilities and Fund Balances	<u>\$276,845</u>	<u>\$1,689,773</u>

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Fairfield City School District, Ohio
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2004

	Public School Support	Spring Recognition	Extracurricular Student Activities	Auxiliary Services	Staff Development
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$745	\$0
Intergovernmental	0	0	0	638,593	0
Extracurricular Activities	55,829	0	191,348	0	0
Charges for Services	0	0	0	0	0
Other Revenues	228,958	26,583	38,130	0	0
Total Revenues	284,787	26,583	229,478	639,338	0
Expenditures:					
Current:					
Instruction:					
Regular	0	60,849	0	0	1
Special	0	0	0	0	0
Support Services:					
Pupil	228,584	0	0	0	0
Instructional Staff	0	3,198	0	0	351
School Administration	0	0	0	0	0
Business	0	0	0	0	0
Operations and Maintenance	3,688	0	0	0	0
Pupil Transportation	3,752	0	0	0	0
Operation of Non-Instructional Services	0	0	0	595,280	0
Extracurricular Activities	0	0	251,193	0	0
Total Expenditures	236,024	64,047	251,193	595,280	352
Net Change in Fund Balance	48,763	(37,464)	(21,715)	44,058	(352)
Fund Balance Beginning of Year, As Restated	167,706	65,367	142,812	25,331	352
Fund Balance End of Year	\$216,469	\$27,903	\$121,097	\$69,389	\$0

Management Information	Public School Pre-School	Entry Year Grant	SchoolNet OneNet	SchoolNet Professional Development	Ohio Reads	Summer Intervention
\$0	\$0	\$0	\$0	\$0	\$0	\$0
32,765	3,001	29,700	30,000	6,750	41,500	177,923
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
32,765	3,001	29,700	30,000	6,750	41,500	177,923
0	0	26,320	30,000	4,438	51,308	116,414
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	55,117
0	0	0	0	0	0	0
32,765	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
32,765	0	26,320	30,000	4,438	51,308	171,531
0	3,001	3,380	0	2,312	(9,808)	6,392
0	0	0	0	4,438	10,412	0
\$0	\$3,001	\$3,380	\$0	\$6,750	\$604	\$6,392

(continued)

Fairfield City School District, Ohio
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2004

	School Security	Title VI B Pre-School	Title III	Title I	Title VI
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	46,342	1,117,765	53,975	371,034	51,749
Extracurricular Activities	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	46,342	1,117,765	53,975	371,034	51,749
Expenditures:					
Current:					
Instruction:					
Regular	31,816	0	25,511	0	34,430
Special	1,843	214,129	0	327,724	342
Support Services:					
Pupil	0	616,000	1,889	0	14,568
Instructional Staff	0	114,491	9,922	25,127	1,549
School Administration	0	157,236	0	0	0
Business	0	0	0	0	0
Operations and Maintenance	0	1,584	0	0	0
Pupil Transportation	0	0	0	0	0
Operation of Non-Instructional Services	0	22,775	1,646	0	7,919
Extracurricular Activities	0	0	0	0	0
Total Expenditures	33,659	1,126,215	38,968	352,851	58,808
Net Change in Fund Balance	12,683	(8,450)	15,007	18,183	(7,059)
Fund Balance Beginning of Year, As Restated	3,577	(2,839)	4,399	(36,719)	7,085
Fund Balance End of Year	\$16,260	(\$11,289)	\$19,406	(\$18,536)	\$26

Drug Free Schools	Pre-School Disabilities	Telecom Act	Classroom Size Reduction	Miscellaneous Federal	Food Service	Uniform School Supply
\$0	\$0	\$0	\$0	\$0	\$643	\$0
26,336	17,846	38,966	186,186	11,972	529,997	0
0	0	0	0	0	0	0
0	0	0	0	0	1,988,139	292,114
0	0	0	0	0	0	0
<u>26,336</u>	<u>17,846</u>	<u>38,966</u>	<u>186,186</u>	<u>11,972</u>	<u>2,518,779</u>	<u>292,114</u>
2,412	0	0	90,737	50,323	0	4,524
0	0	0	0	0	0	0
14,734	12,135	0	0	0	0	0
3,141	0	2,722	119,205	9,219	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	59,698	0	0	0	0
5,659	0	0	0	0	0	0
1,907	0	0	1,179	0	2,506,551	285,127
0	0	0	0	0	0	0
<u>27,853</u>	<u>12,135</u>	<u>62,420</u>	<u>211,121</u>	<u>59,542</u>	<u>2,506,551</u>	<u>289,651</u>
(1,517)	5,711	(23,454)	(24,935)	(47,570)	12,228	2,463
12,777	0	69,080	19,020	52,907	49,452	161,565
<u>\$11,260</u>	<u>\$5,711</u>	<u>\$45,626</u>	<u>(\$5,915)</u>	<u>\$5,337</u>	<u>\$61,680</u>	<u>\$164,028</u>

(continued)

Fairfield City School District, Ohio
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2004

	Latchkey	Total Nonmajor Special Revenue Funds
Revenues:		
Investment Earnings	\$0	\$1,388
Intergovernmental	0	3,412,400
Extracurricular Activities	0	247,177
Charges for Services	0	2,280,253
Other Revenues	776,428	1,070,099
	<u>776,428</u>	<u>7,011,317</u>
Total Revenues		
Expenditures:		
Current:		
Instruction:		
Regular	0	529,083
Special	0	544,038
Support Services:		
Pupil	0	887,910
Instructional Staff	0	344,042
School Administration	0	157,236
Business	0	32,765
Operations and Maintenance	0	64,970
Pupil Transportation	0	9,411
Operation of Non-Instructional Services	757,920	4,180,304
Extracurricular Activities	0	251,193
	<u>757,920</u>	<u>7,000,952</u>
Total Expenditures		
Net Change in Fund Balance	18,508	10,365
Fund Balance Beginning of Year, As Restated	196,012	952,734
Fund Balance End of Year	<u>\$214,520</u>	<u>\$963,099</u>

Fairfield City School District, Ohio
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2004

	Permanent Improvement	Interactive Video Distance Learning	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,080,289	\$0	\$1,080,289
Receivables:			
Taxes	2,657,030	0	2,657,030
Total Assets	3,737,319	0	3,737,319
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	124,334	0	124,334
Interfund Payable	934,600	0	934,600
Deferred Revenue	2,589,192	0	2,589,192
Total Liabilities	3,648,126	0	3,648,126
Fund Balances:			
Reserved for Encumbrances	807,413	0	807,413
Reserved for Property Tax Advances	67,838	0	67,838
Unreserved, Undesignated, Reported in: Capital Projects Funds	(786,058)	0	(786,058)
Total Fund Balances	89,193	0	89,193
Total Liabilities and Fund Balances	\$3,737,319	\$0	\$3,737,319

Fairfield City School District, Ohio
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended June 30, 2004

	Permanent Improvement	Interactive Video Distance Learning	Total Nonmajor Capital Projects Funds
Revenues:			
Taxes	\$1,645,199	\$0	\$1,645,199
Intergovernmental	185,666	0	185,666
Total Revenues	<u>1,830,865</u>	<u>0</u>	<u>1,830,865</u>
Expenditures:			
Current:			
Instruction:			
Regular	297,549	1,200	298,749
Support Services:			
Fiscal	22,705	0	22,705
Capital Outlay	<u>1,569,809</u>	<u>0</u>	<u>1,569,809</u>
Total Expenditures	<u>1,890,063</u>	<u>1,200</u>	<u>1,891,263</u>
Excess of Revenues Over (Under) Expenditures	<u>(59,198)</u>	<u>(1,200)</u>	<u>(60,398)</u>
Other Financing Sources (Uses):			
Transfers In	<u>350,000</u>	<u>0</u>	<u>350,000</u>
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>0</u>	<u>350,000</u>
Net Change in Fund Balance	290,802	(1,200)	289,602
Fund Balance Beginning of Year	<u>(201,609)</u>	<u>1,200</u>	<u>(200,409)</u>
Fund Balance End of Year	<u>\$89,193</u>	<u>\$0</u>	<u>\$89,193</u>

Fairfield City School District, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2004

	Unclaimed Monies			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$21,471	\$0	\$40	\$21,431
Total Assets	<u>21,471</u>	<u>0</u>	<u>40</u>	<u>21,431</u>

Liabilities:				
Other Liabilities	21,471	0	40	21,431
Total Liabilities	<u>\$21,471</u>	<u>\$0</u>	<u>\$40</u>	<u>\$21,431</u>

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$92,422	\$15,014	\$1,669	\$105,767
Receivables:				
Accounts	0	2,117	0	2,117
Total Assets	<u>92,422</u>	<u>17,131</u>	<u>1,669</u>	<u>107,884</u>

Liabilities:				
Accounts Payable	1,535	3,786	1,535	3,786
Other Liabilities	90,887	13,345	134	104,098
Total Liabilities	<u>\$92,422</u>	<u>\$17,131</u>	<u>\$1,669</u>	<u>\$107,884</u>

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$113,893	\$15,014	\$1,709	\$127,198
Receivables:				
Accounts	0	2,117	0	2,117
Total Assets	<u>113,893</u>	<u>17,131</u>	<u>1,709</u>	<u>129,315</u>

Liabilities:				
Accounts Payable	1,535	3,786	1,535	3,786
Other Liabilities	112,358	13,345	174	125,529
Total Liabilities	<u>\$113,893</u>	<u>\$17,131</u>	<u>\$1,709</u>	<u>\$129,315</u>

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

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$63,844	\$55,841	\$55,841	\$0
Other Revenues	262,101	229,245	229,245	0
Total Revenues	325,945	285,086	285,086	0
Expenditures:				
Current:				
Support Services:				
Pupil	349,921	236,045	236,045	0
Operations and Maintenance	5,764	3,888	3,888	0
Pupil Transportation	5,562	3,752	3,752	0
Total Expenditures	361,247	243,685	243,685	0
Net Change in Fund Balance	(35,302)	41,401	41,401	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	172,845	172,845	172,845	0
Fund Balance End of Year	\$137,543	\$214,246	\$214,246	\$0

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

	Spring Recognition Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Other Revenues	\$0	\$26,583	\$26,583	\$0
Total Revenues	0	26,583	26,583	0
Expenditures:				
Current:				
Instruction:				
Regular	0	63,034	63,034	0
Support Services:				
Instructional Staff	0	8,302	8,302	0
Total Expenditures	0	71,336	71,336	0
Net Change in Fund Balance	0	(44,753)	(44,753)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	72,389	72,389	72,389	0
Fund Balance End of Year	\$72,389	\$27,636	\$27,636	\$0

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

	Extracurricular Student Activity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$207,657	\$191,140	\$191,140	\$0
Other Revenues	40,633	37,401	37,401	0
Total Revenues	<u>248,290</u>	<u>228,541</u>	<u>228,541</u>	<u>0</u>
Expenditures:				
Current:				
Extracurricular Activities	274,719	255,058	255,058	0
Total Expenditures	<u>274,719</u>	<u>255,058</u>	<u>255,058</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(26,429)</u>	<u>(26,517)</u>	<u>(26,517)</u>	<u>0</u>
Other financing sources (uses):				
Advances In	1,039	965	965	0
Advances (Out)	(2,500)	(2,301)	(2,301)	0
Transfers In	28,681	26,400	26,400	0
Transfers (Out)	<u>(28,435)</u>	<u>(26,400)</u>	<u>(26,400)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(1,215)</u>	<u>(1,336)</u>	<u>(1,336)</u>	<u>0</u>
Net Change in Fund Balance	<u>(27,644)</u>	<u>(27,853)</u>	<u>(27,853)</u>	<u>0</u>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>146,214</u>	<u>146,214</u>	<u>146,214</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$118,570</u></u>	<u><u>\$118,361</u></u>	<u><u>\$118,361</u></u>	<u><u>\$0</u></u>

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

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$782	\$782	\$0
Intergovernmental	57	638,593	638,593	0
Total Revenues	57	639,375	639,375	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	41,491	647,903	647,903	0
Total Expenditures	41,491	647,903	647,903	0
Net Change in Fund Balance	(41,434)	(8,528)	(8,528)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	109,981	109,981	109,981	0
Fund Balance End of Year	\$68,547	\$101,453	\$101,453	\$0

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

	Staff Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	1	1	1	0
Support Services:				
Instructional Staff	351	351	351	0
Total Expenditures	352	352	352	0
Net Change in Fund Balance	(352)	(352)	(352)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	352	352	352	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

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

	Management Information Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$32,765	\$32,765	\$0
Total Revenues	0	32,765	32,765	0
Expenditures:				
Current:				
Support Services:				
Business	0	32,765	32,765	0
Total Expenditures	0	32,765	32,765	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

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

	Public School Pre-School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

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

	Entry Year Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$29,700	\$29,700	\$0
Total Revenues	0	29,700	29,700	0
Expenditures:				
Current:				
Instruction:				
Regular	0	26,400	26,400	0
Total Expenditures	0	26,400	26,400	0
Net Change in Fund Balance	0	3,300	3,300	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$3,300	\$3,300	\$0

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

	SchoolNet OneNet Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$30,000	\$30,000	\$0
Total Revenues	0	30,000	30,000	0
Expenditures:				
Current:				
Instruction:				
Regular	0	63,127	63,127	0
Total Expenditures	0	63,127	63,127	0
Net Change in Fund Balance	0	(33,127)	(33,127)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	33,127	33,127	33,127	0
Fund Balance End of Year	<u>\$33,127</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

	School Net Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$6,750	\$6,750	\$0
Total Revenues	0	6,750	6,750	0
Expenditures:				
Current:				
Instruction:				
Regular	2,752	4,438	4,438	0
Total Expenditures	2,752	4,438	4,438	0
Net Change in Fund Balance	(2,752)	2,312	2,312	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,438	4,438	4,438	0
Fund Balance End of Year	<u>\$1,686</u>	<u>\$6,750</u>	<u>\$6,750</u>	<u>\$0</u>

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

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$41,500	\$41,500	\$0
Total Revenues	0	41,500	41,500	0
Expenditures:				
Current:				
Instruction:				
Regular	10	51,553	51,553	0
Total Expenditures	10	51,553	51,553	0
Net Change in Fund Balance	(10)	(10,053)	(10,053)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,412	10,412	10,412	0
Fund Balance End of Year	\$10,402	\$359	\$359	\$0

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

	Summer Intervention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$171,116	\$171,116	\$0
Total Revenues	0	171,116	171,116	0
Expenditures:				
Current:				
Instruction:				
Regular	0	116,414	116,414	0
Support Services:				
Instructional Staff	0	55,117	55,117	0
Total Expenditures	0	171,531	171,531	0
Excess of Revenues Over (Under) Expenditures	0	(415)	(415)	0
Other financing sources (uses):				
Advances In	0	416	416	0
Total Other Financing Sources (Uses)	0	416	416	0
Net Change in Fund Balance	0	1	1	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$1	\$1	\$0

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

	School Security Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$46,342	\$46,342	\$0
Total Revenues	0	46,342	46,342	0
Expenditures:				
Current:				
Instruction:				
Regular	349	31,816	31,816	0
Special	45	4,128	4,128	0
Total Expenditures	394	35,944	35,944	0
Excess of Revenues Over (Under) Expenditures	(394)	10,398	10,398	0
Other financing sources (uses):				
Advances (Out)	0	(3,945)	(3,945)	0
Total Other Financing Sources (Uses)	0	(3,945)	(3,945)	0
Net Change in Fund Balance	(394)	6,453	6,453	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,807	9,807	9,807	0
Fund Balance End of Year	\$9,413	\$16,260	\$16,260	\$0

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

	Title VI B Pre-School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$170,394	\$968,540	\$968,540	\$0
Total Revenues	170,394	968,540	968,540	0
Expenditures:				
Current:				
Instruction:				
Special	30,977	221,808	221,808	0
Support Services:				
Pupil	76,128	545,106	545,106	0
Instructional Staff	14,513	103,919	103,919	0
School Administration	21,885	156,703	156,703	0
Operations and Maintenance	221	1,584	1,584	0
Operation of Non-Instructional Services	3,699	26,489	26,489	0
Total Expenditures	147,423	1,055,609	1,055,609	0
Excess of Revenues Over (Under) Expenditures	22,971	(87,069)	(87,069)	0
Other financing sources (uses):				
Advances In	14,829	106,181	106,181	0
Advances (Out)	(5,655)	(32,144)	(32,144)	0
Total Other Financing Sources (Uses)	9,174	74,037	74,037	0
Net Change in Fund Balance	32,145	(13,032)	(13,032)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,522	13,522	13,522	0
Fund Balance End of Year	\$45,667	\$490	\$490	\$0

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

	Title III Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$7,147	\$42,176	\$42,176	\$0
Total Revenues	7,147	42,176	42,176	0
Expenditures:				
Current:				
Instruction:				
Regular	1,964	50,509	50,509	0
Support Services:				
Pupil	77	1,989	1,989	0
Instructional Staff	391	10,048	10,048	0
Operation of Non-Instructional Services	64	1,645	1,645	0
Total Expenditures	2,496	64,191	64,191	0
Excess of Revenues Over (Under) Expenditures	4,651	(22,015)	(22,015)	0
Other financing sources (uses):				
Advances In	734	18,873	18,873	0
Advances (Out)	(840)	(4,956)	(4,956)	0
Transfers In	532	3,141	3,141	0
Transfers (Out)	(122)	(3,141)	(3,141)	0
Total Other Financing Sources (Uses)	304	13,917	13,917	0
Net Change in Fund Balance	4,955	(8,098)	(8,098)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,098	8,098	8,098	0
Fund Balance End of Year	\$13,053	\$0	\$0	\$0

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

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$26,578	\$373,072	\$373,072	\$0
Total Revenues	<u>26,578</u>	<u>373,072</u>	<u>373,072</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Special	16,983	316,109	316,109	0
Support Services:				
Instructional Staff	2,063	38,406	38,406	0
Total Expenditures	<u>19,046</u>	<u>354,515</u>	<u>354,515</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>7,532</u>	<u>18,557</u>	<u>18,557</u>	<u>0</u>
Other financing sources (uses):				
Advances (Out)	(1,609)	(22,590)	(22,590)	0
Transfers In	1,521	21,347	21,347	0
Transfers (Out)	(1,147)	(21,347)	(21,347)	0
Total Other Financing Sources (Uses)	<u>(1,235)</u>	<u>(22,590)</u>	<u>(22,590)</u>	<u>0</u>
Net Change in Fund Balance	6,297	(4,033)	(4,033)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>24,444</u>	<u>24,444</u>	<u>24,444</u>	<u>0</u>
Fund Balance End of Year	<u>\$30,741</u>	<u>\$20,411</u>	<u>\$20,411</u>	<u>\$0</u>

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

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$34,268	\$71,037	\$71,037	\$0
Total Revenues	34,268	71,037	71,037	0
Expenditures:				
Current:				
Instruction:				
Regular	2,494	27,794	27,794	0
Special	1,627	18,137	18,137	0
Support Services:				
Pupil	1,330	14,818	14,818	0
Instructional Staff	139	1,549	1,549	0
Operation of Non-Instructional Services	717	7,996	7,996	0
Total Expenditures	6,307	70,294	70,294	0
Excess of Revenues Over (Under) Expenditures	27,961	743	743	0
Other financing sources (uses):				
Advances In	153	1,700	1,700	0
Advances (Out)	(10,073)	(20,882)	(20,882)	0
Transfers In	3,253	6,744	6,744	0
Transfers (Out)	(605)	(6,744)	(6,744)	0
Total Other Financing Sources (Uses)	(7,272)	(19,182)	(19,182)	0
Net Change in Fund Balance	20,689	(18,439)	(18,439)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,439	18,439	18,439	0
Fund Balance End of Year	\$39,128	\$0	\$0	\$0

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

	Drug Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$65,430	\$50,201	\$50,201	\$0
Total Revenues	65,430	50,201	50,201	0
Expenditures:				
Current:				
Instruction:				
Regular	480	4,057	4,057	0
Support Services:				
Pupil	1,940	16,390	16,390	0
Instructional Staff	1,897	16,025	16,025	0
Pupil Transportation	690	5,833	5,833	0
Operation of Non-Instructional Services	464	3,916	3,916	0
Total Expenditures	5,471	46,221	46,221	0
Excess of Revenues Over (Under) Expenditures	59,959	3,980	3,980	0
Other financing sources (uses):				
Advances (Out)	(33,928)	(26,031)	(26,031)	0
Total Other Financing Sources (Uses)	(33,928)	(26,031)	(26,031)	0
Net Change in Fund Balance	26,031	(22,051)	(22,051)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	25,025	25,025	25,025	0
Fund Balance End of Year	\$51,056	\$2,974	\$2,974	\$0

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

	Pre-School Disabilities Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$12,135	\$12,135	\$0
Total Revenues	0	12,135	12,135	0
Expenditures:				
Current:				
Support Services:				
Pupil	0	12,135	12,135	0
Total Expenditures	0	12,135	12,135	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

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

	Telecom Act Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$38,966	\$38,966	\$0
Total Revenues	0	38,966	38,966	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	2,153	2,722	2,722	0
Operations and Maintenance	52,377	66,218	66,218	0
Total Expenditures	54,530	68,940	68,940	0
Net Change in Fund Balance	(54,530)	(29,974)	(29,974)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	69,080	69,080	69,080	0
Fund Balance End of Year	\$14,550	\$39,106	\$39,106	\$0

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

	Classroom Size Reduction Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$40,801	\$212,376	\$212,376	\$0
Total Revenues	40,801	212,376	212,376	0
Expenditures:				
Current:				
Instruction:				
Regular	13,353	95,590	95,590	0
Support Services:				
Instructional Staff	16,200	115,966	115,966	0
Operation of Non-Instructional Services	162	1,157	1,157	0
Total Expenditures	29,715	212,713	212,713	0
Excess of Revenues Over (Under) Expenditures	11,086	(337)	(337)	0
Other financing sources (uses):				
Advances (Out)	(2,083)	(10,840)	(10,840)	0
Transfers In	2,083	10,840	10,840	0
Transfers (Out)	(1,514)	(10,840)	(10,840)	0
Total Other Financing Sources (Uses)	(1,514)	(10,840)	(10,840)	0
Net Change in Fund Balance	9,572	(11,177)	(11,177)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,818	17,818	17,818	0
Fund Balance End of Year	\$27,390	\$6,641	\$6,641	\$0

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

	Miscellaneous Federal Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$165,244	\$167,816	\$167,816	\$0
Total Revenues	165,244	167,816	167,816	0
Expenditures:				
Current:				
Instruction:				
Regular	158,444	164,192	164,192	0
Support Services:				
Instructional Staff	12,378	12,827	12,827	0
Total Expenditures	170,822	177,019	177,019	0
Excess of Revenues Over (Under) Expenditures	(5,578)	(9,203)	(9,203)	0
Other financing sources (uses):				
Advances In	5,136	5,322	5,322	0
Advances (Out)	(231)	(235)	(235)	0
Total Other Financing Sources (Uses)	4,905	5,087	5,087	0
Net Change in Fund Balance	(673)	(4,116)	(4,116)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,116	6,116	6,116	0
Fund Balance End of Year	\$5,443	\$2,000	\$2,000	\$0

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

	Food Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$689	\$675	\$675	\$0
Intergovernmental	437,997	428,828	428,828	0
Charges for Services	2,033,694	1,991,122	1,991,122	0
Total Revenues	<u>2,472,380</u>	<u>2,420,625</u>	<u>2,420,625</u>	<u>0</u>
Expenditures:				
Current:				
Operation of Non-Instructional Services	2,353,050	2,460,511	2,460,511	0
Total Expenditures	<u>2,353,050</u>	<u>2,460,511</u>	<u>2,460,511</u>	<u>0</u>
Net Change in Fund Balance	119,330	(39,886)	(39,886)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	114,695	114,695	114,695	0
Fund Balance End of Year	<u>\$234,025</u>	<u>\$74,809</u>	<u>\$74,809</u>	<u>\$0</u>

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

	Uniform School Supply Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$281,945	\$287,108	\$287,108	\$0
Total Revenues	281,945	287,108	287,108	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	278,945	302,567	302,567	0
Total Expenditures	278,945	302,567	302,567	0
Net Change in Fund Balance	3,000	(15,459)	(15,459)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	168,311	168,311	168,311	0
Fund Balance End of Year	\$171,311	\$152,852	\$152,852	\$0

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

	Latchkey Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$921,476	\$773,627	\$773,627	\$0
Total Revenues	921,476	773,627	773,627	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	290,340	824,385	824,385	0
Total Expenditures	290,340	824,385	824,385	0
Excess of Revenues Over (Under) Expenditures	631,136	(50,758)	(50,758)	0
Other financing sources (uses):				
Transfers In	6,114	5,133	5,133	0
Transfers (Out)	(1,808)	(5,133)	(5,133)	0
Total Other Financing Sources (Uses)	4,306	0	0	0
Net Change in Fund Balance	635,442	(50,758)	(50,758)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	312,638	312,638	312,638	0
Fund Balance End of Year	\$948,080	\$261,880	\$261,880	\$0

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

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,320,859	\$3,315,226	\$3,315,226	\$0
Intergovernmental	409,226	408,532	408,532	0
Total Revenues	<u>3,730,085</u>	<u>3,723,758</u>	<u>3,723,758</u>	<u>0</u>
Expenditures:				
Current:				
Support Services:				
Fiscal	47,196	47,214	47,214	0
Debt Service:				
Principal Retirement	2,205,000	2,205,000	2,205,000	0
Interest and Fiscal Charges	2,183,318	2,184,989	2,184,989	0
Total Expenditures	<u>4,435,514</u>	<u>4,437,203</u>	<u>4,437,203</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(705,429)</u>	<u>(713,445)</u>	<u>(713,445)</u>	<u>0</u>
Other financing sources (uses):				
Transfers In	450,509	449,745	449,745	0
Total Other Financing Sources (Uses)	<u>450,509</u>	<u>449,745</u>	<u>449,745</u>	<u>0</u>
Net Change in Fund Balance	(254,920)	(263,700)	(263,700)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,981,091</u>	<u>1,981,091</u>	<u>1,981,091</u>	<u>0</u>
Fund Balance End of Year	<u>\$1,726,171</u>	<u>\$1,717,391</u>	<u>\$1,717,391</u>	<u>\$0</u>

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

	Permanent Improvement Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$1,616,169	\$1,596,408	\$1,596,408	\$0
Intergovernmental	187,964	185,666	185,666	0
Total Revenues	1,804,133	1,782,074	1,782,074	0
Expenditures:				
Current:				
Instruction:				
Regular	300,886	306,191	306,191	0
Support Services:				
Fiscal	22,312	22,705	22,705	0
Capital Outlay	2,399,343	2,441,646	2,441,646	0
Total Expenditures	2,722,541	2,770,542	2,770,542	0
Excess of Revenues Over (Under) Expenditures	(918,408)	(988,468)	(988,468)	0
Other financing sources (uses):				
Advances In	918,407	934,600	934,600	0
Total Other Financing Sources (Uses)	918,407	934,600	934,600	0
Net Change in Fund Balance	(1)	(53,868)	(53,868)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	215,646	215,646	215,646	0
Fund Balance End of Year	\$215,645	\$161,778	\$161,778	\$0

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

	Interactive Video Distance Learning Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	0	1,200	1,200	0
Total Expenditures	0	1,200	1,200	0
Net Change in Fund Balance	0	(1,200)	(1,200)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,200	1,200	1,200	0
Fund Balance End of Year	<u>\$1,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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**STATISTICAL
SECTION**

TABLE 1

Fairfield City School District, Ohio
 General School System Revenues by Source - Government-Wide
 Last Ten Fiscal Years *

Fiscal Year	2003	2004
Program Revenues: Charges for Services	\$3,904,777	\$3,461,933
Operating Grants and Contributions	3,488,922	4,031,923
Capital Grants and Contributions	371,354	69,562
General Revenues: Property Taxes Levied for: General Purposes	29,958,722	32,751,029
Debt Service	3,542,027	3,443,929
Capital Projects	876,679	1,735,554
Grants and Entitlements not Restricted to Specific Programs	28,185,190	28,956,635
Payment in Lieu of Taxes	376,955	1,216,215
Unrestricted Contributions	1,035	1,000
Investment Earnings	256,680	142,386
Other Revenues	666,926	1,267,747
Total Revenues	\$71,629,267	\$77,077,913

Source: Fairfield City School District

* - Only information for years 2003-2004 available

TABLE 2

Fairfield City School District, Ohio
 General School System Expenses by Function - Government-Wide
 Last Ten Fiscal Years *

Fiscal Year	2003	2004
Instruction	\$41,503,349	\$43,328,693
Instructional Staff	3,841,480	5,144,223
Pupil	3,416,375	3,478,770
General Administration	28,263	16,609
School Administration	4,973,469	5,338,349
Business and Fiscal	1,498,458	1,664,248
Operations and Maintenance	6,887,083	6,759,627
Pupil Transportation	4,409,121	5,451,797
Central	167,298	142,874
Operation of Non-instructional Services	786,815	4,443,516
Extracurricular Activities	1,730,593	1,601,544
Interest and Fiscal Charges	2,280,456	2,184,076
Total Expenditures	<u>\$71,522,760</u>	<u>\$79,554,326</u>

Source: Fairfield City School District

* - Only information for years 2003-2004 available

TABLE 3

Fairfield City School District, Ohio
 General Fund Revenues by Source
 Last Ten Fiscal Years

Fiscal Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Taxes	\$22,094,979	\$23,542,917	\$22,895,211	\$25,229,666	\$31,006,930	\$23,168,178	\$29,709,781	\$26,113,194	\$29,958,722	\$31,640,609
Intergovernmental	14,951,411	16,364,239	16,983,693	18,942,933	20,681,845	22,128,234	24,505,849	27,391,512	28,984,677	29,075,944
Investment Revenue	324,655	519,371	479,262	662,016	702,000	832,157	956,177	464,507	255,060	140,998
Tuition and Fees	116,082	71,359	137,403	58,257	470,788	556,470	634,581	330,711	626,921	804,328
Other Revenues	471,649	219,631	647,532	592,798	645,958	914,976	1,162,824	889,109	694,597	1,550,511
Total Revenues	\$37,958,776	\$40,717,517	\$41,143,101	\$45,485,670	\$53,507,521	\$47,600,015	\$56,969,212	\$55,189,033	\$60,519,977	\$63,212,390

Source: Fairfield City School District

Fairfield City School District, Ohio
 General Fund Expenditures by Function
 Last Ten Fiscal Years

Fiscal Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Instruction	\$21,839,774	\$23,041,650	\$25,346,258	\$24,849,129	\$25,987,542	\$29,300,058	\$32,246,734	\$33,912,841	\$37,616,360	\$39,457,455
Instructional Staff	718,280	732,289	929,303	2,757,639	2,842,175	2,725,177	3,117,836	3,401,400	3,610,007	4,676,600
Pupil	1,836,672	2,082,312	2,167,146	2,021,150	2,022,078	2,226,160	2,373,845	2,367,578	2,759,958	2,601,234
General Administration	0	0	0	0	20,420	26,607	34,753	16,742	28,263	16,609
School Administration	3,103,254	3,283,159	3,488,841	4,195,284	4,581,810	3,852,958	4,373,301	4,276,626	4,779,212	5,173,700
Business and Fiscal	1,225,512	881,229	1,136,256	866,706	1,039,629	1,138,690	1,235,698	1,329,854	1,376,994	1,541,472
Operations and Maintenance	3,640,465	4,016,899	3,842,578	5,011,132	5,271,078	5,711,425	6,236,374	6,113,978	6,678,201	6,654,265
Pupil Transportation	2,153,483	3,042,276	2,750,733	3,037,532	2,805,811	3,253,094	3,758,817	3,783,856	5,001,284	4,970,879
Central	0	0	0	0	40,956	151,210	129,012	152,437	162,815	140,618
Operation of Non-instructional Services	61,788	263,539	98,951	75,678	0	0	0	0	7	0
Extracurricular Activities	557,794	634,167	681,623	914,973	972,824	1,038,782	1,136,225	1,174,693	1,465,018	1,341,652
Capital Outlay	0	0	0	0	114,123	163,202	0	0	0	256,795
Debt Service	1,841,335	1,564,912	427,994	798,728	114,431	143,580	0	0	129,066	199,275
Total Expenditures	\$36,978,357	\$39,542,432	\$40,869,683	\$44,527,951	\$45,812,877	\$49,730,043	\$54,642,595	\$56,530,005	\$63,607,185	\$67,030,554

Source: Fairfield City School District

TABLE 5

Fairfield City School District, Ohio
 Property Tax Levies and Collections - Real and Public Utility Property
 Last Ten Collection (Calendar) Years

Collection Year	Tax Levied	Current Tax Collections	Percent Collected	Delinquent Collection	Total Tax Collections	Percent of Total Collections to Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Tax Levied
1994	\$22,037,399	\$21,819,746	99.01%	\$574,980	\$22,394,726	101.62%	\$697,877	3.17%
1995	25,232,746	24,855,685	98.51%	665,040	25,520,725	101.14%	409,898	1.62%
1996	26,744,006	26,138,134	97.73%	592,836	26,730,970	99.95%	250,239	0.94%
1997	26,779,589	25,463,240	95.08%	572,190	26,035,430	97.22%	894,092	3.34%
1998	26,906,274	26,602,692	98.87%	719,216	27,321,908	101.54%	478,455	1.78%
1999	29,675,294	29,465,697	99.29%	544,961	30,010,658	101.13%	143,091	0.48%
2000	31,344,392	30,090,084	96.00%	769,186	30,859,269	98.45%	1,690,358	5.39%
2001	31,800,460	30,919,285	97.23%	852,116	31,771,401	99.91%	1,194,767	3.76%
2002	34,128,644	34,175,938	100.14%	962,068	35,138,006	102.96%	185,405	0.54%
2003	36,880,825	35,653,905	96.67%	998,758	36,652,663	99.38%	1,330,262	3.61%

Source: Butler County Auditor

TABLE 6

Fairfield City School District, Ohio
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Collection Years

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1995	\$631,001,580	\$1,802,861,657	\$62,701,334	\$250,805,336	\$48,214,110	\$60,267,638	\$741,917,024	\$2,113,934,631
1996	680,654,840	1,944,728,114	66,847,507	267,390,028	46,752,550	58,440,688	794,254,897	2,270,558,830
1997	737,481,630	2,107,090,371	83,814,921	335,259,684	46,487,160	58,108,950	867,783,711	2,500,459,005
1998	773,080,200	2,208,800,571	92,145,900	368,583,600	45,340,120	56,675,150	910,566,220	2,634,059,321
1999	797,087,180	2,277,391,943	88,645,232	354,680,928	46,049,910	52,329,477	931,782,322	2,684,402,348
2000	891,492,700	2,547,122,000	95,496,050	381,984,200	46,448,790	52,782,716	1,033,437,540	2,981,888,916
2001	934,248,580	2,669,281,657	87,858,027	351,432,108	43,228,880	49,123,727	1,065,335,487	3,069,837,492
2002	974,458,300	2,748,166,571	97,874,411	391,497,644	32,940,510	37,432,398	1,105,273,221	3,177,096,613
2003	1,157,170,240	3,306,200,686	92,877,207	371,508,828	33,286,990	37,826,125	1,283,334,437	3,715,535,639
2004	1,190,539,390	3,401,541,114	95,963,033	383,852,132	33,773,000	38,378,409	1,320,275,423	3,823,771,655

Source: Butler County Auditor

TABLE 7

Fairfield City School District, Ohio
 Property Tax Rates (Per \$1,000 of Assessed Valuation)
 Direct and Overlapping Governments
 Last Ten Collection (Calendar) Years

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Fairfield City School District	\$55	\$55	\$55	\$54	\$54	\$54	\$54	\$54	\$54	\$54
City of Fairfield	5	5	5	5	5	4	6	6	6	6
Fairfield Township	7	7	7	7	7	7	13	12	12	12
Butler County	7	7	8	8	8	8	8	9	9	9
Butler County JVS	2	2	2	2	2	2	2	2	2	2

Source: Butler County Auditor

TABLE 8

Fairfield City School District, Ohio
 Ratio of Net General Bonded Debt to Assessed Value
 And Net Bonded Debt Per Capita
 Last Ten Fiscal Years

Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)
1995	53,841	\$741,917,024	\$49,240,000	\$1,021,194	\$48,218,806	6.50%
1996	55,456	794,254,897	49,398,000	1,567,866	47,830,134	6.02%
1997	57,120	867,783,711	51,333,814	2,422,896	48,910,918	5.64%
1998	58,837	910,566,220	49,139,814	1,510,470	47,629,344	5.23%
1999	60,602	931,782,322	48,247,814	1,474,909	46,772,905	5.02%
2000	60,500	1,033,437,540	47,325,814	1,513,167	45,812,647	4.43%
2001	60,500	1,065,335,487	46,280,655	2,807,077	43,473,578	4.08%
2002	58,849	1,105,273,221	44,255,655	1,898,083	42,357,572	3.83%
2003	58,849	1,283,334,437	42,650,655	1,981,092	40,669,563	3.17%
2004	60,254	1,320,275,423	40,795,655	1,814,609	38,981,046	2.95%

Source:

(1) U.S. Census Bureau

(2) Butler County Auditor, calendar year basis

Fairfield City School District, Ohio
 Computation of Legal Debt Margin
 June 30, 2004

TABLE 9

Assessed Valuation of District		<u>\$1,320,275,423</u>
<u>Overall Direct Debt Limitation</u>		
Direct debt limitation		118,824,788
9% of assessed valuation		1,814,609
Amount available in Debt Service Fund		
Gross indebtedness	40,795,655	
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 9% limitation		<u>(40,795,655)</u>
Legal debt margin within 9% limitation		<u>\$79,843,742</u>
<u>Unvoted Direct Debt Limitation</u>		
Unvoted debt limitation		1,320,275
0.1% of assessed valuation		n/a
Amount available in Debt Service Fund		
related to unvoted debt		
Gross indebtedness authorized by the Board	0	
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 0.1% limitation		<u>0</u>
Legal debt margin within 0.1% limitation		<u>\$1,320,275</u>

Source: Fairfield City School District

Fairfield City School District, Ohio
 Computation of Direct and Overlapping Debt
 June 30, 2004

TABLE 10

Governmental Unit	Gross General Obligation	Percent Applicable to District (1)	Amount Applicable to District
Direct:			
Fairfield City School District	\$40,795,655	100.00%	\$40,795,655
Overlapping:			
Butler County	\$76,372,200	18.43%	\$14,075,396
Fairfield City	19,570,000	98.73%	19,321,461
Fairfield Township	2,015,255	98.99%	1,994,901
Butler County Career Center School District	4,395,000	21.13%	928,664
Total overlapping:	\$102,352,455		\$36,320,422
Total direct and overlapping debt:	\$143,148,110		\$77,116,077

Source: Ohio Municipal Advisory Council

(1) Calculated by the Ohio Municipal Advisory Council

TABLE 11

Fairfield City School District, Ohio
 Ratio of Annual Debt Service Expenditures
 For General Bonded Debt to Total General Fund Expenditures
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures (%)</u>
1995	\$400,000	\$343,728	\$743,728	\$36,978,357	2.01%
1996	785,000	3,750,931	4,535,931	39,542,432	11.47%
1997	1,390,000	3,073,998	4,463,998	40,869,683	10.92%
1998	1,735,000	2,868,058	4,603,058	44,527,951	10.34%
1999	892,000	3,005,496	3,897,496	45,812,877	8.51%
2000	922,000	3,027,549	3,949,549	49,730,043	7.94%
2001	1,041,000	2,167,204	3,208,204	54,642,595	5.87%
2002	2,025,000	2,401,670	4,426,670	56,530,005	7.83%
2003	1,605,000	2,279,612	3,884,612	63,607,185	6.11%
2004	1,855,000	2,184,989	4,039,989	67,030,554	6.03%

Source: Fairfield City School District

Fairfield City School District, Ohio
 Demographic Statistics
 Last Ten Fiscal Years

TABLE 12

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate City of Fairfield (3)</u>
1995	53,841	8,639	4.50%
1996	55,456	8,757	4.30%
1997	57,120	8,889	3.50%
1998	58,837	8,961	3.60%
1999	60,602	8,946	3.30%
2000	60,500	9,108	3.20%
2001	60,500	8,973	3.20%
2002	58,849	9,169	4.50%
2003	58,849	9,239	4.50%
2004	60,254	9,467	4.30%

Sources: (1) U.S. Census Bureau

(2) Fairfield City School District

(3) Ohio Bureau of Employment Services, rates are for Butler County

TABLE 13

Fairfield City School District, Ohio
Construction, Bank Deposits and Property Values
Last Ten Calendar Years

Calendar Year	Construction (1)	Bank Deposits (2)	Property Values (3)
1994	\$11,774,580	\$713,488,000	\$625,388,300
1995	15,300,940	750,113,000	631,001,580
1996	22,657,610	806,926,000	680,654,840
1997	16,382,440	918,777,000	737,481,630
1998	32,090,570	825,082,000	773,080,200
1999	26,001,800	864,100,000	797,087,180
2000	40,572,000	1,152,810,000	934,248,580
2001	37,724,330	1,136,994,000	974,458,300
2002	35,039,020	1,257,078,000	1,157,170,240
2003	40,982,020	1,355,700,000	1,190,539,390

Sources:

(1) Butler County Auditor

(2) Total deposits of all commercial banks headquartered in Butler County - Federal Reserve Bank, Cleveland, Ohio

(3) Butler County Auditor, calendar year basis, real property only

TABLE 14

Fairfield City School District, Ohio
 Real and Tangible Personal Property
 Top Ten Principal Taxpayers
 June 30, 2004

Name of Taxpayer	Total Assessed Valuation	% of Total Assessed Valuation
CFC Investment Co.	\$29,708,460	2.25%
Cincinnati Gas & Electric	24,047,350	1.82%
Sisters of Mercy	11,873,720	0.90%
Boymel Sam Trust	11,012,190	0.83%
Ohio Casualty Insurance	8,050,020	0.61%
Cincinnati Bell Telephone Co.	7,527,310	0.57%
Faith - Village Apartments	7,317,110	0.55%
Alliance TP Portfolio	5,243,500	0.40%
Teachers Retirement System	5,045,490	0.39%
TGM Camelot Inc.	5,009,330	0.38%
	<u>\$114,834,480</u>	<u>8.70%</u>

Source: Butler County Auditor

TABLE 15

Fairfield City School District, Ohio
 Miscellaneous Statistical Data
 June 30, 2004

Year of Incorporation: 1929
 Form of Government: Public School District
 Area of District: 38 Square miles

Number of Schools	Education of Certified Staff			Average years Experience
	Fiscal Year	Bachelor	Masters and beyond	
Kindergarten	1995	51.70%	48.20%	13.2
Elementary	1996	51.60%	48.40%	13.5
Intermediate	1997	54.60%	45.40%	13.6
Middle	1998	51.20%	48.80%	13.7
Freshman	1999	54.70%	45.30%	14.0
High	2000	48.00%	52.00%	13.0
	2001	45.00%	55.00%	13.0
	2002	46.00%	54.00%	13.0
	2003	46.16%	53.84%	12.0
	2004	42.00%	58.00%	13.0

Source: Fairfield City School District

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**FAIRFIELD CITY SCHOOL DISTRICT
BUTLER 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
FEBRUARY 10, 2005**