

**FAIRFIELD CITY SCHOOL DISTRICT, OHIO**

Single Audit Reports

June 30, 2006





Mary Taylor, CPA  
Auditor of State

Board of Education  
Fairfield City School District  
211 Donald Drive  
Fairfield, Ohio 45014

We have reviewed the *Independent Auditors' Report* of the Fairfield City School District, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2005 to June 30, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 7, 2007

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# FAIRFIELD CITY SCHOOL DISTRICT, OHIO

## Table of Contents

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	2 - 3
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	4 - 5
Schedule of Findings and Questioned Costs	6 - 7
Schedule of Prior Audit Findings	8

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**FAIRFIELD CITY SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2006

<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>
<b><u>U.S. Department of Agriculture:</u></b>				
<i>(Passed through Ohio Department of Education)</i>				
Food Donation	N/A	10.550	\$ 142,988	142,988
Nutrition Training Grant	N/A	10.574	\$ 490	490
Nutrition Cluster:				
School Breakfast Program	05PU	10.553	40,873	40,873
National School Lunch Program	LLP4	10.555	<u>400,337</u>	<u>400,337</u>
Nutrition Cluster Total			<u>441,210</u>	<u>441,210</u>
Total U.S. Department of Agriculture			<u>584,688</u>	<u>584,688</u>
<b><u>U.S. Department of Education:</u></b>				
American History Grant	N/A	84.215	16,203	15,910
<i>(Passed through Ohio Department of Education)</i>				
Title I Grants to Local Educational Agencies	C1S1	84.010	371,044	433,658
Title I Program for Neglected & Delinquent Children	C1SN	84.013	15,412	21,649
Physical Education for Progress		84.352	-	1,642
Special Education Cluster:				
Special Education - Grants to States	6BSF	84.027	1,986,966	1,892,878
Special Education - Preschool Grants	PGS1	84.173	<u>38,527</u>	<u>38,527</u>
Special Education Cluster Total			<u>2,025,493</u>	<u>1,931,405</u>
Safe and Drug-Free Schools and Communities - State Grants	DRS1	84.186	40,303	44,403
State Grants for Innovative Programs	C2S1	84.298	34,079	29,831
Education Technology State Grants	TJS1	84.318	12,641	7,230
Comprehensive School Reform Demonstration	RFCC	84.332	56,697	-
English Language Acquisition Grants	T3S2	84.365	49,697	53,432
Improving Teacher Quality State Grants	TRS1	84.367	234,957	226,038
Hurricane Education Recovery	HR01	84.938	<u>13,645</u>	<u>9,000</u>
Total U.S. Department of Education			<u>2,870,171</u>	<u>2,774,198</u>
Total Federal Awards			\$ <u>3,454,859</u>	<u>3,358,886</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, Ohio:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fairfield City School District, Ohio (the School District) as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions 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 operations that we consider to be material weaknesses.



## Compliance And Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2006-1.

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  
November 16, 2006



**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, Ohio:

Compliance

We have audited the compliance of Fairfield City School District, Ohio (the 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, 2006. The 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 School District's management. Our responsibility is to express an opinion on the School 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 the 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 of the School District's compliance with those requirements.

In our opinion, the Fairfield City School District, Ohio 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, 2006.

### Internal Control Over Compliance

The management of the 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 the 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 the 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 caused by error or fraud 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 the School District as of and for the year ended June 30, 2006, and have issued our report thereon dated November 16, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. 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, Hackett & Co.*

Cincinnati, Ohio  
November 16, 2006

**FAIRFIELD CITY SCHOOL DISTRICT, OHIO**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2006

**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?	yes

**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?	no

Identification of major programs:

*Special Education Cluster:*  
*CFDA 84.027 – Special Education – Grants to States*  
*CFDA 84.173 – Special Education – Preschool Grants*

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**

### 2006-1 Expenditures and Appropriations

Ohio Revised Code Section 5705.41(B) stipulates that no subdivision or taxing unit is to expend money unless it has been appropriated. As of June 30, 2006, nine funds of the School District had expenditures plus encumbrances which exceeded appropriations. This was the result of not appropriating returns of advances from the General Fund.

*Managements' response: Management concurs with the finding and realizes it was caused by a timing issue with the close out process of the School District. Management will correct this oversight for the future.*

## **Section III - Federal Award Findings and Questioned Costs**

None.

**FAIRFIELD CITY SCHOOL DISTRICT, OHIO**

Schedule of Prior Audit Findings

Year Ended June 30, 2006

The prior audit disclosed no instances of noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with internal controls over compliance were reported in the prior year.

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006



**FAIRFIELD CITY SCHOOL DISTRICT**  
**FAIRFIELD, OHIO**

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**FAIRFIELD CITY SCHOOL DISTRICT  
FAIRFIELD, OHIO**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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**TABLE OF CONTENTS**

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	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	vii
List of Principal Officials	xv
Organizational Chart	xvi
GFOA Certificate of Achievement for Excellence in Financial Reporting	xvii
ASBO Certificate of Excellence in Financial Reporting	xviii
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Assets - Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	19
Notes to the Basic Financial Statements	21
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	44
Notes to the Required Supplementary Information	45
Combining Statements and Individual Fund Schedules:	
Fund Descriptions	48
Nonmajor Governmental Funds:	
Combining Balance Sheet	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	52
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	58

**TABLE OF CONTENTS**

---

	<u>Page</u>
Agency Funds:	
Statement of Changes in Assets and Liabilities	62
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual (Non-GAAP Budgetary Basis):	
Public School Support	63
Spring Recognition	64
Extracurricular Student Activities	65
Auxiliary Services	66
Management Information	67
Public School Pre-School	68
Entry Year Grant	69
SchoolNet OneNet	70
SchoolNet Professional Development	71
Ohio Reads	72
Summer Intervention	73
School Security	74
Title VI B Pre-School	75
Title III	76
Title I	77
Title VI	78
Drug Free Schools	79
Pre-School Disabilities	80
Telecom Act	81
Classroom Size Reduction	82
Miscellaneous Federal	83
Food Service	84
Uniform School Supply	85
Latchkey	86
Debt Service	87
Permanent Improvement	88

**TABLE OF CONTENTS**

---

	<u>Schedule</u>	<u>Page</u>
<b>STATISTICAL SECTION</b>		
Net Assets by Component	1	89
Expenses, Program Revenues and Net (Expense)/Revenue	2	90
General Revenues and Total Change in Net Assets	3	91
Fund Balances, Governmental Funds	4	92
Governmental Funds Revenues	5	93
Governmental Funds Expenditures and Debt Service Ratio	6	94
Other Financing Sources and Uses and Net Change in Fund Balances	7	95
Assessed Value and Actual Value of Taxable Property	8	96
Direct and Overlapping Property Tax Rates	9	97
Principal Property Tax Payers	10	98
Property Tax Levies and Collections	11	99
Outstanding Debt by Type	12	100
Direct and Overlapping Governmental Activities Debt	13	101
Legal Debt Margin Information	14	102
Demographic and Economic Statistics	15	103
Principal Employers	16	104
Full-Time Equivalent District Employees by Type	17	105
Operating Statistics	18	107
School Building Information	19	108

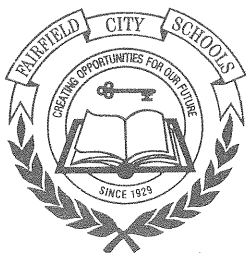
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# INTRODUCTORY SECTION

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# Fairfield City Schools

## Treasurer's Office

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

December 31, 2006

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, 2006. 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.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent accountants' report.

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, 2005 CAFR. Also included are the District's major current and future initiatives.

The **Financial Section** includes the independent auditors' report on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements, required supplementary information, notes to the 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 7<sup>th</sup> Day Adventist, Lavallo, Sacred Heart and Cincinnati Christian. While these organizations are similar in operations and services provided, each is 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 eight years. For 2005, the District had \$21,644,910 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 to 57,902 in 2000 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 2005-2006 school year, the District served 9,820 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 245 students from the 2004-2005 school year. The preliminary enrollment for the 2006-2007 school year is 10,047 an increase of 227 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, 2006, were as follows:

<u>Board Member</u>	<u>Term</u>	<u>Years on Board</u>
Mr. Arnold Engel	01/01/06 – 12/31/09	1/2
Dr. Mark Morris	01/01/06 – 12/31/09	1/2
Mr. Dan Murray	01/01/06 – 12/31/09	1/2
Mr. Terry Senger	01/01/04 – 12/31/07	2 - 1/2
Mrs. Nancy Wenning	01/01/04 – 12/31/07	4

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. Mrs. Nancy Lane was appointed Treasurer on January 6, 2005. Her contract expires at the Organizational Meeting in January 2007. Mrs. Lane received her Bachelor of Arts degree from Wilmington College and had been employed by the District as the Payroll Supervisor since July 1996.

## EMPLOYEE RELATIONS

The District has 1,120 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. The collective bargaining agreement between the FCTA and the District expires on August 31, 2008.

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 expires on June 30, 2008.

## **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 three three-year master contracts successfully bargained with each of the classified unions and four 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 third 5-year Strategic Plan, for 2006-2010, was adopted by the Board of Education at the June 16, 2006, board meeting. The new district-wide vision statement is as follows: excellence, preparation for life, opportunities for all. The plan is expected to be monitored by a steering committee that is comprised of staff, parents and community members. This steering committee meets approximately four times per year and gathers information from five action teams: Instruction, Community Connectedness, Family Ownership, Facilities, and Innovations. More detailed information regarding this plan is available on the District's website [www.fairfieldcityschools.com](http://www.fairfieldcityschools.com).

### Curriculum Initiatives

New implementations and training in mathematics continued. Multiple units of the *Investigations in Number, Data, and Space Curriculum*, a reform-based mathematics program, were put into place in grades 1-4. Staff members from East Elementary (the building which had served as a pilot school in previous years) trained teachers in grades 1-4 throughout the district. For each module implemented, teachers received a full day of professional development prior to teaching and a half-day of professional development after teaching the unit. Teachers continued work in the summer to develop common district-wide grade level math calendars and benchmark assessments.

Progress was made on multiple fronts in the science curriculum and the push in science will continue through the 2006-2007 school year, with course of study development, materials selection and professional development. As state achievement tests continue to roll out, we evaluate our curriculum and instruction to create or modify common assessments to more accurately align them to the standards. The district began a two year process of examining science textbooks and materials to support the course of study and standards. Texts and support materials were selected for grades 5 and 6 for implementation in the fall of 2006 and professional development provided. At the Middle School, a rearranging of some indicators between the grade levels resulted in a consolidation of topical content.

The district has been involved in the High AIMS consortium and PROM/SE grant, both of which have provided professional development in math and science. PROM/SE Science and Math Associates, representing all the buildings and grade levels, participated in training during the year and at summer academies. These associates are being developed to be seen as content specialists in their buildings.

High AIMS also took these associates and others through a two day training session in the curriculum development model "Understanding by Design". This approach informed much of the work done in science during the year, with science associates leading the way in writing the new course of study.

Implementation of Progress Book, a web-based grade book and reporting system, continued. By the end of the school year, all teachers, grades 5-12, were using Progress Book and parent online access was available. Plans were made for implementation in grades 1-4 during the 2006-2007 school year.

The curriculum department provided leadership for planning and implementing a federal Teaching American History (TAH) Grant, as part of a consortium with Northwest Local School District and Miami University. Twenty-four teachers in grades 4, 5, 7, 8, 9 and 11 attended eight days of training on "The History of Colonial America".

A new district-wide child wellness policy was written and adopted by the Board of Education. It replaced the district's existing wellness policy with a comprehensive wellness model including six components: nutrition, physical fitness, disease prevention and control, social and emotional environment, alcohol, tobacco and other drugs and physical and environmental safety.

Courses of study were written for Foundations of Western Civilization and Fundamentals of Calculus, two new high school electives.

A new instructional model was implemented for English Language Learners (ELLs) in grades 7-12. This included hiring two new teachers with TESOL endorsement.

Kindergarten began a concentration on developing early writing skills which included having students write every day. The district saw an additional rise in Phonemic Segmenting scores on the end of year DIBELS assessment as a result of this addition and continuing use of the Multi-sensory phonemic awareness program. Grades K-6 has continued the use of the Four-Block model for language arts instruction. Professional development and training has continued on elements that make up the model, such as vocabulary development, comprehension instruction, and phonics.

Fairfield has continued its implementation of Read 180, an intervention reading program, for IEP, ELL, and struggling readers. During this school year, the program was extended to 5<sup>th</sup> and 6<sup>th</sup> grade readers struggling in the regular classroom. This has required great cooperation between building and district administration, teachers, and technology support. The district has provided extensive professional development to all teachers who are implementing Read 180 in their classroom. The program has promising results for learners who were not successful in a traditional basal program.

Fairfield City Schools continues to serve the needs of the gifted learners by screening and identifying students for placement in academic classes, in addition to, art and music. The acceleration policy was revised and written education plans were developed for students served by the gifted program. Tests used to meet the needs of the gifted learners were reviewed, and replaced if necessary, to provide the best data for placement. Gifted coordinators monitor and support the gifted services on both homogeneous teams and individual students.

Fairfield Middle and Intermediate Schools began to focus on the need to address bullying issues. Each building was awarded an OLWEUS grant which initiated training at the end of the 2005-2006 school year and will continue through 2006-2007.

## **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 capital 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 required supplementary information.

## **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, 2006. 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, 2005. 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.

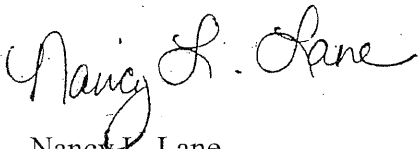
## ASBO Certificate of Excellence

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence on Financial Reporting for the fiscal year ended June 30, 2005, to the District. The award certifies that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005, 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, 2006, will again conform to ASBO's principles and standards as well, and will be submitted to ASBO for review.

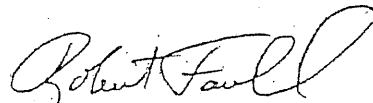
### **ACKNOWLEDGEMENTS**

The preparation of this report was made possible by the dedication and efforts of the entire staff of the Treasurer's Office. 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  
Treasurer



Dr. Robert Farrell  
Superintendent



**FAIRFIELD CITY SCHOOL DISTRICT, OHIO  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2006**

**BOARD OF EDUCATION**

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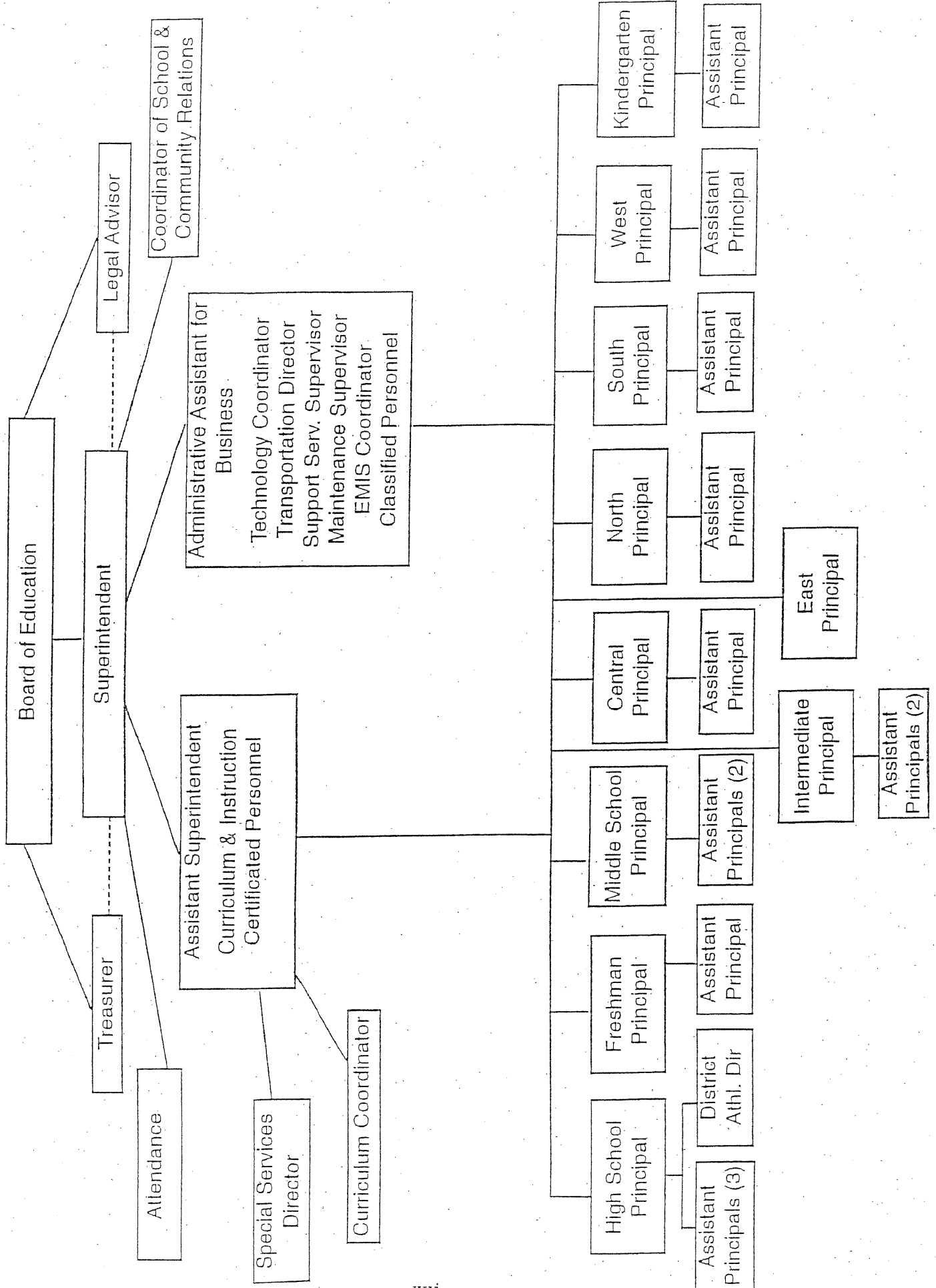
<b>President</b>	<b>Mark Morris</b>
<b>Vice President</b>	<b>Dan Murray</b>
<b>Board Member</b>	<b>Arnold Engel</b>
<b>Board Member</b>	<b>Terry Senger</b>
<b>Board Member</b>	<b>Nancy Wenning</b>

**ADMINISTRATIVE OFFICIALS**

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<b>Superintendent</b>	<b>Dr. Robert Farrell</b>
<b>Treasurer</b>	<b>Mrs. Nancy L. Lane</b>
<b>Interim Assistant Superintendent</b>	<b>Mr. Rob Amodio</b>
<b>Human Resources Supervisor</b>	<b>Mrs. Cathy Milligan</b>
<b>Curriculum Director</b>	<b>Mrs. Bonnie Fitzharris</b>

Organizational Chart  
Fairfield City School District



# 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, 2005

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



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



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, 2005

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

President

Interim Executive Director

# FINANCIAL SECTION

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Fairfield City School District, Ohio:

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, Ohio (the School District), as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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 *Government 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 the Fairfield City School District, Ohio as of June 30, 2006, 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 November 16, 2006, on our consideration of the School District's internal control over financial reporting and on 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 conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 10 and 44 through 46, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 School 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, Haskett & Co.*

Cincinnati, Ohio  
November 16, 2006



**FAIRFIELD CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2006**  
(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, 2006. 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.

**Financial Highlights**

Key financial highlights for 2006 are as follows:

- Net assets of governmental activities increased \$6,895,240 which represents a 39% increase from 2005.
- General revenues accounted for \$77,339,455 in revenue or 89% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$9,384,728 or 11% of total revenues of \$86,724,183.
- Total assets of governmental activities increased by \$7,429,108 primarily due to increases in taxes receivable of \$2,978,578 and cash and other receivables of \$4,893,212.
- The District had \$79,828,943 in expenses related to governmental activities; \$9,384,728 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$77,339,455 were also used to provide for these programs.

**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 is the only major fund of the District.

## Government-wide Financial Statements

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 2006?” The Government-wide Financial Statements 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 Government-wide Financial Statements, 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 of non-instructional services, extracurricular activities and interest and fiscal charges.

## 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.

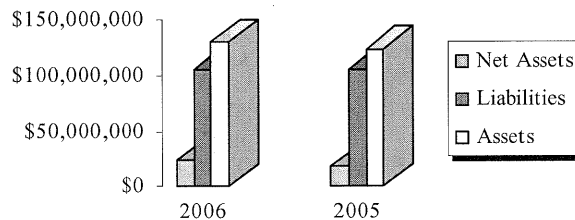
**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs.

## 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 2006 compared to 2005:

Table 1  
Net Assets

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Current Assets	\$69,403,776	\$61,546,243
Capital Assets	61,346,067	61,774,492
<b>Total Assets</b>	<b>130,749,843</b>	<b>123,320,735</b>
<b>Liabilities</b>		
Long-Term Liabilities	45,280,616	47,141,704
Other Liabilities	60,657,750	58,262,794
<b>Total Liabilities</b>	<b>105,938,366</b>	<b>105,404,498</b>
<b>Net Assets</b>		
Invested in Capital		
Assets Net of Debt	24,317,899	22,908,188
Restricted	4,440,838	2,659,736
Unrestricted	(3,947,260)	(7,651,687)
<b>Total Net Assets</b>	<b>\$24,811,477</b>	<b>\$17,916,237</b>



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$24,811,477.

At year-end, capital assets represented 47% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2006, was \$24,317,899. 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, \$4,440,838, 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.

Net assets of governmental activities increased \$6,895,240 from 2005 to 2006, which represents an overall improvement in financial position. Current assets increased from 2005 mainly due to the increase in property taxes received and grant monies (intergovernmental revenue) received during 2006. Total liabilities remained relatively consistent from 2005 to 2006. Restricted net assets increased from the prior year due to increases in debt service and capital project restrictions.

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

Table 2  
Changes in Net Assets

	Governmental Activities	
	2006	2005
Revenues		
Program Revenues:		
Charges for Services	\$4,707,226	\$4,646,285
Operating Grants	4,573,108	4,609,654
Capital Grants	104,394	155,397
General Revenue:		
Property Taxes	46,399,700	40,465,335
Grants and Entitlements	29,087,081	28,193,385
Other	1,852,674	1,408,467
Total Revenues	<u>86,724,183</u>	<u>79,478,523</u>
Program Expenses:		
Instruction	42,123,037	42,058,146
Support Services:		
Pupil and Instructional Staff	8,586,598	8,179,237
General and School Administrative, Fiscal and Business	6,835,662	7,066,629
Operations and Maintenance	8,855,622	6,666,556
Pupil Transportation	5,288,352	5,227,177
Central	116,583	90,831
Operation of Non-Instructional Services	4,583,566	4,865,039
Extracurricular Activities	1,474,640	1,294,759
Interest and Fiscal Charges	1,964,883	2,077,167
Total Expenses	<u>79,828,943</u>	<u>77,525,541</u>
Change in Net Assets	6,895,240	1,952,982
Beginning Net Assets	<u>17,916,237</u>	<u>15,963,255</u>
Ending Net Assets	<u>\$24,811,477</u>	<u>\$17,916,237</u>

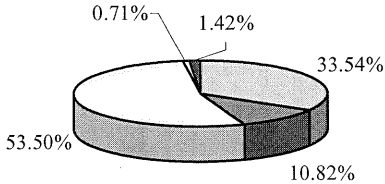
Of the total governmental activities revenues of \$86,724,183, \$9,384,728 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$46,399,700 (60%) comes from property tax levies and \$29,087,081 (38%) is from state funding. This District's operations are reliant upon its property tax levy and the state's foundation program.

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 87% 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 collect additional property tax revenue on the increased value of homes that is due to appreciation and must regularly return to the voters to maintain a constant level of service. Property taxes made up 54% of revenue for governmental activities for the District in fiscal year 2006.

Revenue Sources	2006	Percent of Total
General Grants	\$29,087,081	33.54%
Program Revenues	9,384,728	10.82%
General Tax Revenues	46,399,700	53.50%
Investment Earnings	617,638	0.71%
Other Revenues	1,235,036	1.42%
	<u>\$86,724,183</u>	<u>100.00%</u>



Instruction comprises 53% of governmental program expenses. Support services expenses were 37% of governmental program expenses. All other program expenses including interest expense were 10%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Property tax revenue increased from 2005 mainly due to the District's passage of a 4.9 mil levy and county auditors tri-annual assessment update. Investment earnings increased as a result of the District holding a larger balance of investments and bank balance for the current year as compared to the prior year. Operation and Maintenance increased due to the District's renewed commitment to facility improvements throughout the District.

## Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental 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

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
Instruction	\$42,123,037	\$42,058,146	(\$39,733,902)	(\$39,498,075)
Support Services:				
Pupil and Instructional Staff	8,586,598	8,179,237	(7,246,643)	(6,903,734)
General and School Administrative, Fiscal and Business	6,835,662	7,066,629	(6,622,115)	(6,832,416)
Operations and Maintenance	8,855,622	6,666,556	(8,700,934)	(6,444,925)
Pupil Transportation	5,288,352	5,227,177	(5,176,459)	(5,143,982)
Central	116,583	90,831	(116,583)	(90,831)
Operation of Non-Instructional Services	4,583,566	4,865,039	267,865	(117,339)
Extracurricular Activities	1,474,640	1,294,759	(1,150,561)	(1,005,736)
Interest and Fiscal Charges	1,964,883	2,077,167	(1,964,883)	(2,077,167)
Total Expenses	<u>\$79,828,943</u>	<u>\$77,525,541</u>	<u>(\$70,444,215)</u>	<u>(\$68,114,205)</u>

## The District's Funds

The District has one major governmental fund: the General Fund. Assets of the general fund comprised \$57,049,964 (82%) of the total \$69,533,218 governmental funds assets.

**General Fund:** Fund balance at June 30, 2006 was \$2,879,870 an increase in fund balance of \$3,903,721 from 2005. The primary reasons for the increase in fund balance were increases in taxes revenue mainly due to the District's passage of a 4.9 mil levy and county auditors tri-annual assessment update.

## 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 2006, the District amended its general fund budget at times, however none were significant. The District's 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, the final budget basis revenue and the original budget basis revenue were equal for 2006.

The District's ending unobligated actual fund balance for the General fund was \$10,207,755.

## Capital Assets and Debt Administration

### Capital Assets

At the fiscal year end, the District had \$61,346,067 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal 2006 balances compared to 2005:

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

	Governmental Activities	
	2006	2005
Land	\$3,803,351	\$3,803,351
Buildings and Improvements	55,158,644	55,450,883
Equipment	2,384,072	2,520,258
Total Net Capital Assets	<u>\$61,346,067</u>	<u>\$61,774,492</u>

Overall, capital assets decreased due to depreciation expense being greater than new purchases less the deletions for the year.

See note 6 in the notes to the basic financial statements for further details on the District's capital assets.

### Debt

At June 30, 2006, the District had \$36,585,655 in bonds outstanding, \$2,495,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5  
Outstanding Debt, at Year End

	Governmental Activities	
	2006	2005
General Obligation Bonds:		
1994 School Improvement I	\$3,000,000	\$3,100,000
1994 School Improvement II	970,000	1,685,000
1997 Refunding	1,104,814	1,499,814
1997 Energy Conservation	435,000	850,000
2001 School Improvement Refunding	31,075,841	31,645,841
Total Bonds	<u>\$36,585,655</u>	<u>\$38,780,655</u>

See note 7 in the notes to the basic financial statements for further details on the District's outstanding debt.

## **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 2007. 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.

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, Treasurer/CFO at Fairfield City School District, 211 Donald Drive, Fairfield, Ohio 45014.



Fairfield City School District, Ohio  
Statement of Net Assets  
June 30, 2006

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$15,141,888
Restricted Cash and Investments	203,843
Receivables:	
Taxes	52,999,174
Accounts	125,495
Interest	75,187
Intergovernmental	840,915
Inventory	17,274
Nondepreciable Capital Assets	3,803,351
Depreciable Capital Assets, Net	<u>57,542,716</u>
 Total Assets	 <u>130,749,843</u>
Liabilities:	
Accounts Payable	743,275
Accrued Wages and Benefits	8,564,307
Accrued Interest Payable	154,299
Unearned Revenue	51,195,869
Long-Term Liabilities:	
Due Within One Year	3,269,071
Due In More Than One Year	<u>42,011,545</u>
 Total Liabilities	 <u>105,938,366</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	24,317,899
Restricted for:	
Special Revenue	806,243
Debt Service	1,954,635
Capital Projects	1,476,117
Set-Aside	203,843
Unrestricted	<u>(3,947,260)</u>
 Total Net Assets	 <u>\$24,811,477</u>

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio  
Statement of Activities  
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$33,906,509	\$371,440	\$413,283	\$0	(\$33,121,786)
Special	6,903,899	409,192	1,171,737	0	(5,322,970)
Vocational	108,680	0	0	0	(108,680)
Other	1,203,949	0	23,483	0	(1,180,466)
Support Services:					
Pupil	3,621,552	53,442	799,521	0	(2,768,589)
Instructional Staff	4,965,046	0	486,992	0	(4,478,054)
General Administration	26,619	0	0	0	(26,619)
School Administration	5,186,685	0	183,393	0	(5,003,292)
Fiscal	1,261,085	0	0	0	(1,261,085)
Business	361,273	0	30,154	0	(331,119)
Operations and Maintenance	8,855,622	137,930	16,758	0	(8,700,934)
Pupil Transportation	5,288,352	106	7,393	104,394	(5,176,459)
Central	116,583	0	0	0	(116,583)
Operation of Non-Instructional Services	4,583,566	3,411,037	1,440,394	0	267,865
Extracurricular Activities	1,474,640	324,079	0	0	(1,150,561)
Interest and Fiscal Charges	1,964,883	0	0	0	(1,964,883)
<b>Total Governmental Activities</b>	<b>\$79,828,943</b>	<b>\$4,707,226</b>	<b>\$4,573,108</b>	<b>\$104,394</b>	<b>(70,444,215)</b>

General Revenues:

Property Taxes Levied for:

General Purposes	40,201,504
Debt Service Purposes	3,621,206
Capital Projects Purposes	2,576,990
Grants and Entitlements not Restricted to Specific Programs	29,087,081
Payment in Lieu of Taxes	791,423
Investment Earnings	617,638
Other Revenues	443,613

Total General Revenues 77,339,455

Change in Net Assets 6,895,240

Net Assets Beginning of Year 17,916,237

Net Assets End of Year \$24,811,477

See accompanying notes to the basic financial statements.

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Fairfield City School District, Ohio  
 Balance Sheet  
 Governmental Funds  
 June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$10,290,222	\$4,851,666	\$15,141,888
Restricted Cash and Investments	203,843	0	203,843
Receivables:			
Taxes	46,294,332	6,704,842	52,999,174
Accounts	57,052	68,443	125,495
Interest	75,073	114	75,187
Intergovernmental	0	840,915	840,915
Interfund	129,442	0	129,442
Inventory	0	17,274	17,274
<b>Total Assets</b>	<b>57,049,964</b>	<b>12,483,254</b>	<b>69,533,218</b>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	287,128	456,147	743,275
Accrued Wages and Benefits	8,006,804	557,503	8,564,307
Compensated Absences	471,411	23,665	495,076
Interfund Payable	0	129,442	129,442
Deferred Revenue	45,404,751	6,930,718	52,335,469
<b>Total Liabilities</b>	<b>54,170,094</b>	<b>8,097,475</b>	<b>62,267,569</b>
Fund Balances:			
Reserved for Encumbrances	121,213	585,802	707,015
Reserved for Inventory	0	17,274	17,274
Reserved for Property Tax Advances	889,581	148,328	1,037,909
Reserved for Set-Aside	203,843	0	203,843
Unreserved, Undesignated, Reported in:			
General Fund	1,665,233	0	1,665,233
Special Revenue Funds	0	850,756	850,756
Debt Service Funds	0	1,933,867	1,933,867
Capital Projects Funds	0	849,752	849,752
<b>Total Fund Balances</b>	<b>2,879,870</b>	<b>4,385,779</b>	<b>7,265,649</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$57,049,964</b>	<b>\$12,483,254</b>	<b>\$69,533,218</b>

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, 2006

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Total Governmental Fund Balance		\$7,265,649
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.		61,346,067
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	967,177	
Intergovernmental	<u>172,423</u>	
		1,139,600
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.		(154,299)
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.		
Compensated Absences	<u>(7,757,372)</u>	
		(7,757,372)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(37,028,168)</u>
Net Assets of Governmental Activities		<u>\$24,811,477</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, 2006

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$39,827,835	\$6,130,817	\$45,958,652
Revenue in Lieu of Taxes	791,423	0	791,423
Tuition and Fees	780,632	0	780,632
Investment Earnings	615,970	1,668	617,638
Intergovernmental	28,573,558	5,099,525	33,673,083
Extracurricular Activities	117,893	259,887	377,780
Charges for Services	137,777	3,411,037	3,548,814
Other Revenues	315,348	333,862	649,210
<b>Total Revenues</b>	<b>71,160,436</b>	<b>15,236,796</b>	<b>86,397,232</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	32,747,471	845,542	33,593,013
Special	5,745,438	1,153,880	6,899,318
Vocational	80,114	0	80,114
Other	1,203,949	0	1,203,949
<b>Support Services:</b>			
Pupil	2,341,076	1,341,815	3,682,891
Instructional Staff	4,620,535	362,153	4,982,688
General Administration	26,619	0	26,619
School Administration	5,159,415	145,383	5,304,798
Fiscal	1,153,549	94,723	1,248,272
Business	318,033	30,552	348,585
Operations and Maintenance	7,143,161	1,805,358	8,948,519
Pupil Transportation	5,066,225	1,133	5,067,358
Central	119,389	0	119,389
Operation of Non-Instructional Services	0	4,551,228	4,551,228
Extracurricular Activities	1,272,864	212,385	1,485,249
Capital Outlay	0	130,068	130,068
<b>Debt Service:</b>			
Principal Retirement	85,649	2,302,916	2,388,565
Interest and Fiscal Charges	2,998	1,971,912	1,974,910
<b>Total Expenditures</b>	<b>67,086,485</b>	<b>14,949,048</b>	<b>82,035,533</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>4,073,951</b>	<b>287,748</b>	<b>4,361,699</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds of Capital Leases	280,639	269,790	550,429
Proceeds from Sale of Capital Assets	754	75,000	75,754
Transfers In	0	451,623	451,623
Transfers (Out)	(451,623)	0	(451,623)
<b>Total Other Financing Sources (Uses)</b>	<b>(170,230)</b>	<b>796,413</b>	<b>626,183</b>
<b>Net Change in Fund Balance</b>	<b>3,903,721</b>	<b>1,084,161</b>	<b>4,987,882</b>
<b>Fund Balance Beginning of Year</b>	<b>(1,023,851)</b>	<b>3,301,618</b>	<b>2,277,767</b>
<b>Fund Balance End of Year</b>	<b>\$2,879,870</b>	<b>\$4,385,779</b>	<b>\$7,265,649</b>

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, 2006

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Net Change in Fund Balance - Total Governmental Funds \$4,987,882

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	1,425,845	
Depreciation Expense	<u>(1,572,919)</u>	(147,074)

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. (281,351)

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

Delinquent Property Taxes	441,049	
Intergovernmental	<u>91,499</u>	532,548

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. 2,388,565

In the statement of activities interest expense is accrued when incurred,  
 whereas in governmental funds an interest expenditure is reported  
 when due. 10,027

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.

Compensated Absences	<u>(44,928)</u>	(44,928)
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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. (550,429)

Change in Net Assets of Governmental Activities \$6,895,240

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2006

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$3,920	\$168,420
Receivables:		
Interest	2	0
Total Assets	<u>3,922</u>	<u>\$168,420</u>
Liabilities:		
Accounts Payable	0	12,892
Other Liabilities	<u>0</u>	<u>155,528</u>
Total Liabilities	<u>0</u>	<u>\$168,420</u>
Net Assets:		
Held in Trust	<u>3,922</u>	
Total Net Assets	<u>\$3,922</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, 2006

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	Private Purpose Trust
Additions:	
Investment Earnings	\$23
Other	150
Total Additions	173
Deductions:	
Pupil	130
Total Deductions	130
Change in Net Assets	43
Net Assets Beginning of Year	3,879
Net Assets End of Year	<u>\$3,922</u>

See accompanying notes to the basic financial statements.

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**FAIRFIELD CITY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2006**

**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 490 non-certificated personnel and approximately 630 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 23<sup>rd</sup> largest in the State of Ohio (among 613 Districts) in terms of enrollment (ADM) and the 3<sup>rd</sup> 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 most significant of the District's accounting policies are described below.

### **MEASUREMENT FOCUS**

#### **Government-wide Financial Statements**

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

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 is the District's major governmental fund:

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.

### **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 assets and liabilities generated by student managed activities. 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, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

### Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

### 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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

## **EQUITY IN POOLED CASH AND INVESTMENTS**

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.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2006 credited to the General Fund amounted to \$615,970, which includes \$242,587 assigned from other school districts funds.

## **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 capital 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 vesting method. 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. Compensated absences are reported in governmental funds only if they have matured.



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	360 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.

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

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

## **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 equity in pooled cash and investments set aside to establish a budget stabilization reserve. A corresponding fund balance reserve has also been established.

### **3. EQUITY IN POOLED CASH AND INVESTMENTS**

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 "Equity in Pooled Cash and Investments."

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) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (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.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2006, \$11,679,911 of the District's bank balance of \$11,879,911 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

### **Investments**

As of June 30, 2006, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighed Average Maturity (Years)</u>
Money Market Funds	\$1,178,186	0.00
Federal Home Loan Bank	808,585	0.35
Federal Home Loan Mortgage	1,207,001	0.46
Federal National Mortgage Association	<u>645,822</u>	0.92
Total Fair Value	<u>\$3,839,594</u>	
Portfolio Weighted Average Maturity		0.37

Interest rate risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The District’s investments in Federal Home Loan Bank, Federal Home Loan Mortgage, Federal National Mortgage Association and in the Money Market Funds were rated AAA by Standard & Poor’s and Fitch Ratings and Aaa by Moody’s Investors Service.

Concentration of credit risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 31% of the District’s investments in Money Market Funds, 21% in Federal Home Loan Bank, 31% in Federal Home Loan Mortgage and 17% in Federal National Mortgage Association.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

#### **4. PROPERTY TAXES**

Real property taxes collected in 2006 were levied after April 1, 2005 on the assessed values as of January 1, 2005, 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 2002.

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). 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 2006, 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.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2006. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2006 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, 2006, was \$889,581 for General Fund, and \$148,328 for Other Governmental Funds, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2006 operations.

The assessed value, by property classification, upon which taxes collected in 2006 were based as follows:

Tangible and Public Utility Personal	\$142,766,749
Real Estate	<u>1,318,872,030</u>
Total Assessed Property Value	<u>\$1,461,638,779</u>

## 5. RECEIVABLES

Receivables at June 30, 2006, consisted of taxes, accounts (rent and student fees), intergovernmental, interest and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

<b>Governmental Activities</b>	<u>Amounts</u>
Public Pre-School	\$1,143
Title VI-B	395,915
Title III	39,559
Title I	26,735
Title VI	7,888
Drug Free Schools	13,708
Pre-School Disabilities	4,443
Classroom Size Reduction	32,170
Miscellaneous Federal	252,131
Food Service	<u>67,223</u>
Total	<u>\$840,915</u>

## 6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$3,803,351	\$0	\$0	\$3,803,351
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	67,610,288	710,378	235,074	68,085,592
Equipment	<u>23,387,620</u>	<u>715,467</u>	<u>320,468</u>	<u>23,782,619</u>
Totals at Historical Cost	94,801,259	1,425,845	555,542	95,671,562
Less Accumulated Depreciation:				
Buildings and Improvements	12,159,405	773,421	5,878	12,926,948
Equipment	<u>20,867,362</u>	<u>799,498</u>	<u>268,313</u>	<u>21,398,547</u>
Total Accumulated Depreciation	<u>33,026,767</u>	<u>1,572,919</u>	<u>274,191</u>	<u>34,325,495</u>
Governmental Activities Capital Assets, Net	<u>\$61,774,492</u>	<u>(\$147,074)</u>	<u>\$281,351</u>	<u>\$61,346,067</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$742,545
Special	109,945
Vocational	270,884
Support Services:	
Pupil	5,808
Instructional Staff	39,193
School Administration	21,923
Fiscal	11,520
Business	1,305
Operations and Maintenance	43,155
Pupil Transportation	241,090
Central	2,480
Operation of Non-Instructional Services	73,250
Extracurricular Activities	9,821
Total Depreciation Expense	<u>\$1,572,919</u>

## 7. LONG-TERM LIABILITIES

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

	Interest Rate	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
<b>Governmental Activities:</b>						
Bonds:						
1994 School Improvement I	7.3157	\$3,100,000	\$0	\$100,000	\$3,000,000	\$0
1994 School Improvement II	6.2490	1,685,000	0	715,000	970,000	970,000
1997 Refunding	6.5702	1,499,814	0	395,000	1,104,814	415,000
1997 Energy Conservation	5.2270	850,000	0	415,000	435,000	435,000
2001 School Improvement Refunding	4.8600	31,645,841	0	570,000	31,075,841	675,000
Total Bonds		38,780,655	0	2,195,000	36,585,655	2,495,000
Capital Lease		85,649	550,429	193,565	442,513	137,065
Total Long Term Debt		38,866,304	550,429	2,388,565	37,028,168	2,632,065
Compensated Absences		8,275,400	690,879	713,831	8,252,448	637,006
Total Governmental Activities		<u>\$47,141,704</u>	<u>\$1,241,308</u>	<u>\$3,102,396</u>	<u>\$45,280,616</u>	<u>\$3,269,071</u>

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid. Capital lease obligations will be paid from the general fund and permanent improvement fund.

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

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2007	\$2,495,000	\$1,851,588	\$4,346,588
2008	2,210,000	1,740,974	3,950,974
2009	1,979,664	2,047,955	4,027,619
2010	2,265,150	752,220	3,017,370
2011	2,340,000	1,437,894	3,777,894
2012-2016	8,190,841	11,710,252	19,901,093
2017-2021	17,105,000	2,460,435	19,565,435
Total	<u>\$36,585,655</u>	<u>\$22,001,318</u>	<u>\$58,586,973</u>



## 8. 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, 2006, \$34.365 million of bonds outstanding are considered defeased.

## 9. CAPITAL LEASES

The District in fiscal year 2006 has entered into a capital lease for computers, copiers and in prior years, has entered into a capital lease for computers.

The lease for the copiers 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 fiscal year 2006 copier and the prior year computers will be made from the General fund and fiscal year 2006 computers will be made from the Permanent Improvement 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.

Fiscal Year Ending June 30	Principal
2007	\$137,065
2008	137,065
2009	56,128
2010	56,128
2011	56,127
Total Present Value	<u>\$442,513</u>

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

Equipment	\$1,117,260
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## **10. 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, 2006, 2005, and 2004 were \$1,729,308, \$1,739,904, and \$1,659,252, respectively; 50.5% has been contributed for fiscal year 2006 and 100% for fiscal year 2005 and 2004.

### **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, 2006, 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, 2006, 2005, and 2004 were \$5,186,125, \$5,140,992, and \$5,092,584, respectively; 83.4% has been contributed for fiscal year 2006 and 100% for fiscal year 2005 and 2004.

## **11. 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.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$333,916 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.43 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, School District paid \$423,680 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,123 participants currently receiving health care benefits.

## **12. 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, 2006.

### **LITIGATION**

The District is involved in two lawsuits. Although the outcome of the lawsuits are not presently determinable, in the opinion of the District, these matters will not have a material adverse effect 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.

## **13. 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. The Treasurer is covered by a bond in the amount of \$20,000. The District has elected to provide employee medical and dental benefits through Butler County Health 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.

#### **14. 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 31 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.

## 15. COMPLIANCE AND ACCOUNTABILITY

### Compliance

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year end, the District had disbursements exceeding appropriations in the following funds:

Summer Intervention	\$19,174
Title III	9,041
Title I	2,604
Food Service	319,969
Bond Retirement	6,040

### Accountability

The following funds had a deficit in fund balance:

Special Revenue Funds:	
School Security	\$5,119
Title VI B Pre-school	33,361
Title I	63,681
Title VI	3,198
Drug Free Schools	2,579
Classroom Size Reduction	3,818

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.

## 16. 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, 2006, 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, 2005	(\$237,297)	\$ 0	\$203,843
Current Year set-aside Requirements	1,309,197	1,309,197	0
Current Year Offsets	0	0	0
Qualifying Disbursements	<u>(1,779,706)</u>	<u>(1,404,248)</u>	<u>0</u>
Total	<u>(\$707,806)</u>	<u>(\$95,051)</u>	<u>\$203,843</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$707,806)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Set-aside Reserve Balance as of June 30, 2006	<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, 2006, the Board had not acted on the Senate Bill requirements to eliminate the reserve balance.

## 17. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2006, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

	<u>Interfund</u>		<u>Transfers</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$129,442	\$0	\$0	\$451,623
Other Governmental Funds	<u>0</u>	<u>129,442</u>	<u>451,623</u>	<u>0</u>
Total All Funds	<u>\$129,442</u>	<u>\$129,442</u>	<u>\$451,623</u>	<u>\$451,623</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.

## **18. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets for Insurance Recoveries"; GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section"; GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

Statement No. 42 establishes accounting and financial standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 44 establishes the objectives of the statistical section and provides guidance on the preparation of the statistical section.

Statement No. 46 establishes that any amount of the primary government's net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to all termination benefits without limitation as to the period of time during which the benefits are offered.

There was no effect on fund balance/net assets as a result of the implementation of these new standards.



# **REQUIRED SUPPLEMENTARY INFORMATION**

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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, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$38,771,312	\$38,771,312	\$41,105,520	\$2,334,208
Revenue in lieu of taxes	746,481	746,481	791,423	44,942
Tuition and Fees	857,741	857,741	909,381	51,640
Investment Earnings	531,057	531,057	563,029	31,972
Intergovernmental	26,950,704	26,950,704	28,573,258	1,622,554
Extracurricular Activities	111,359	111,359	118,063	6,704
Charges for Services	129,953	129,953	137,777	7,824
Other Revenues	285,697	285,697	302,897	17,200
Total Revenues	68,384,304	68,384,304	72,501,348	4,117,044
Expenditures:				
Current:				
Instruction:				
Regular	32,345,629	34,193,339	32,276,956	1,916,383
Special	5,667,525	5,473,678	5,655,492	(181,814)
Vocational	79,046	83,335	78,878	4,457
Other	1,201,364	1,612,407	1,198,813	413,594
Support Services:				
Pupil	2,334,775	2,492,807	2,329,818	162,989
Instructional Staff	4,705,903	4,720,924	4,695,912	25,012
General Administration	22,747	23,498	22,699	799
School Administration	5,667,197	5,789,164	5,655,165	133,999
Fiscal	1,283,860	1,296,946	1,281,134	15,812
Business	319,733	336,008	319,054	16,954
Operations and Maintenance	7,203,480	7,874,108	7,188,186	685,922
Pupil Transportation	5,162,633	5,057,295	5,151,672	(94,377)
Central	125,861	120,472	125,594	(5,122)
Extracurricular Activities	1,266,339	1,059,179	1,263,650	(204,471)
Total Expenditures	67,386,092	70,133,160	67,243,023	2,890,137
Excess of Revenues Over (Under) Expenditures	998,212	(1,748,856)	5,258,325	7,007,181
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	711	711	754	43
Advances In	579,628	579,628	614,524	34,896
Advances (Out)	(129,718)	(129,443)	(129,443)	0
Transfers (Out)	(452,584)	(451,623)	(451,623)	0
Total Other Financing Sources (Uses)	(1,963)	(727)	34,212	34,939
Net Change in Fund Balance	996,249	(1,749,583)	5,292,537	7,042,120
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,915,218	4,915,218	4,915,218	0
Fund Balance End of Year	\$5,911,467	\$3,165,635	\$10,207,755	\$7,042,120

See accompanying notes to the required supplementary information.

**FAIRFIELD CITY SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For The Year Ended June 30, 2006**

**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. During the course of fiscal 2006, the District amended its budget at several times, however none were significant.

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 2006.

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	\$3,903,721
Net Adjustment for Revenue Accruals	1,674,797
Net Adjustment for Expenditure Accruals	19
Encumbrances	<u>(286,000)</u>
Budget Basis	<u><u>\$5,292,537</u></u>

**COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

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## **FUND DESCRIPTIONS**

### **NONMAJOR 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.

**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.

**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.

**CAPITAL PROJECTS FUND:** The Capital Projects Fund is 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.

**FIDUCIARY FUNDS:** Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental unites and/or other funds.

**PRIVATE PURPOSE TRUST:** to account for donations received by the District in a trustee capacity. Used for scholarships.

**AGENCY FUND – UNCLAIMED MONIES:** To account for funds that belong to others as a result of outstanding checks over one year old.

**AGENCY FUND – STUDENT ACTIVITIES:** To account for assets and liabilities generated by student managed activities. The fund accounts for sales and other revenue generating activities by student activity programs, which have students involved in the management of the program.



Fairfield City School District, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$1,258,380	\$1,933,867	\$1,659,419	\$4,851,666
<b>Receivables:</b>				
Taxes	0	3,947,779	2,757,063	6,704,842
Accounts	68,443	0	0	68,443
Interest	114	0	0	114
Intergovernmental	840,915	0	0	840,915
Inventory	17,274	0	0	17,274
<b>Total Assets</b>	<b>2,185,126</b>	<b>5,881,646</b>	<b>4,416,482</b>	<b>12,483,254</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	156,442	0	299,705	456,147
Accrued Wages and Benefits	557,503	0	0	557,503
Compensated Absences	23,665	0	0	23,665
Interfund Payable	129,442	0	0	129,442
Deferred Revenue	374,204	3,858,791	2,697,723	6,930,718
<b>Total Liabilities</b>	<b>1,241,256</b>	<b>3,858,791</b>	<b>2,997,428</b>	<b>8,097,475</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	75,840	0	509,962	585,802
Reserved for Inventory	17,274	0	0	17,274
Reserved for Property Tax Advances	0	88,988	59,340	148,328
<b>Unreserved, Undesignated, Reported in:</b>				
Special Revenue Funds	850,756	0	0	850,756
Debt Service Funds	0	1,933,867	0	1,933,867
Capital Projects Funds	0	0	849,752	849,752
<b>Total Fund Balances</b>	<b>943,870</b>	<b>2,022,855</b>	<b>1,419,054</b>	<b>4,385,779</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,185,126</b>	<b>\$5,881,646</b>	<b>\$4,416,482</b>	<b>\$12,483,254</b>

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, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$0	\$3,579,322	\$2,551,495	\$6,130,817
Investment Earnings	1,668	0	0	1,668
Intergovernmental	4,458,126	380,468	260,931	5,099,525
Extracurricular Activities	259,887	0	0	259,887
Charges for Services	3,411,037	0	0	3,411,037
Other Revenues	333,862	0	0	333,862
<b>Total Revenues</b>	<b>8,464,580</b>	<b>3,959,790</b>	<b>2,812,426</b>	<b>15,236,796</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	370,011	0	475,531	845,542
Special	1,153,880	0	0	1,153,880
<b>Support Services:</b>				
Pupil	1,341,815	0	0	1,341,815
Instructional Staff	362,153	0	0	362,153
School Administration	145,383	0	0	145,383
Fiscal	0	56,040	38,683	94,723
Business	30,552	0	0	30,552
Operations and Maintenance	109,332	0	1,696,026	1,805,358
Pupil Transportation	1,133	0	0	1,133
Operation of Non-Instructional Services	4,551,228	0	0	4,551,228
Extracurricular Activities	212,385	0	0	212,385
Capital Outlay	0	0	130,068	130,068
<b>Debt Service:</b>				
Principal Retirement	0	2,195,000	107,916	2,302,916
Interest and Fiscal Charges	0	1,971,912	0	1,971,912
<b>Total Expenditures</b>	<b>8,277,872</b>	<b>4,222,952</b>	<b>2,448,224</b>	<b>14,949,048</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>186,708</b>	<b>(263,162)</b>	<b>364,202</b>	<b>287,748</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds of Capital Leases	0	0	269,790	269,790
Proceeds from Sale of Capital Assets	0	0	75,000	75,000
Transfers In	0	451,623	0	451,623
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>451,623</b>	<b>344,790</b>	<b>796,413</b>
<b>Net Change in Fund Balance</b>	<b>186,708</b>	<b>188,461</b>	<b>708,992</b>	<b>1,084,161</b>
<b>Fund Balance Beginning of Year</b>	<b>757,162</b>	<b>1,834,394</b>	<b>710,062</b>	<b>3,301,618</b>
<b>Fund Balance End of Year</b>	<b>\$943,870</b>	<b>\$2,022,855</b>	<b>\$1,419,054</b>	<b>\$4,385,779</b>

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Fairfield City School District, Ohio  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2006

	Public School Support	Spring Recognition	Extracurricular Student Activities	Auxiliary Services	Management Information
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$229,591	\$41,570	\$114,453	\$234,613	\$0
<b>Receivables:</b>					
Accounts	5,445	20,451	480	0	0
Interest	0	0	0	108	0
Intergovernmental	0	0	0	0	0
Inventory	0	0	0	0	0
<b>Total Assets</b>	<b>235,036</b>	<b>62,021</b>	<b>114,933</b>	<b>234,721</b>	<b>0</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	3,127	4,340	8,239	72,118	0
Accrued Wages and Benefits	0	0	0	33,865	0
Compensated Absences	0	0	0	0	0
Interfund Payable	0	10,861	0	0	0
Deferred Revenue	0	0	0	0	0
<b>Total Liabilities</b>	<b>3,127</b>	<b>15,201</b>	<b>8,239</b>	<b>105,983</b>	<b>0</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	6,799	510	2,857	29,211	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	225,110	46,310	103,837	99,527	0
<b>Total Fund Balances</b>	<b>231,909</b>	<b>46,820</b>	<b>106,694</b>	<b>128,738</b>	<b>0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$235,036</b>	<b>\$62,021</b>	<b>\$114,933</b>	<b>\$234,721</b>	<b>\$0</b>

Public School Pre-School	Entry Year Grant	SchoolNet OneNet	SchoolNet Professional Development	Ohio Reads	Summer Intervention	School Security	Title VI B Pre-School
\$8,492	\$1,914	\$11,483	\$3,925	\$0	\$0	\$8,362	\$69,606
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
1,143	0	0	0	0	0	0	395,915
0	0	0	0	0	0	0	0
<u>9,635</u>	<u>1,914</u>	<u>11,483</u>	<u>3,925</u>	<u>0</u>	<u>0</u>	<u>8,362</u>	<u>465,521</u>
0	1,913	0	1,350	0	0	0	10,119
0	0	0	0	0	0	13,481	317,937
0	0	0	0	0	0	0	23,665
0	0	0	0	0	0	0	11,435
0	0	0	0	0	0	0	135,726
<u>0</u>	<u>1,913</u>	<u>0</u>	<u>1,350</u>	<u>0</u>	<u>0</u>	<u>13,481</u>	<u>498,882</u>
0	1	0	0	0	0	0	3,127
0	0	0	0	0	0	0	0
<u>9,635</u>	<u>0</u>	<u>11,483</u>	<u>2,575</u>	<u>0</u>	<u>0</u>	<u>(5,119)</u>	<u>(36,488)</u>
<u>9,635</u>	<u>1</u>	<u>11,483</u>	<u>2,575</u>	<u>0</u>	<u>0</u>	<u>(5,119)</u>	<u>(33,361)</u>
<u>\$9,635</u>	<u>\$1,914</u>	<u>\$11,483</u>	<u>\$3,925</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,362</u>	<u>\$465,521</u>

Continued

Fairfield City School District, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2006

	Title III	Title I	Title VI	Drug Free Schools	Pre-School Disabilities
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$23,330	\$28,070	\$4,558	\$5,932	\$0
<b>Receivables:</b>					
Accounts	0	0	0	0	0
Interest	0	0	0	0	0
Intergovernmental	39,559	26,735	7,888	13,708	4,443
Inventory	0	0	0	0	0
<b>Total Assets</b>	<b>62,889</b>	<b>54,805</b>	<b>12,446</b>	<b>19,640</b>	<b>4,443</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	18,965	11,319	0	5,051	0
Accrued Wages and Benefits	0	82,694	11,400	0	0
Compensated Absences	0	0	0	0	0
Interfund Payable	36,108	14,236	0	6,247	0
Deferred Revenue	3,699	10,237	4,244	10,921	0
<b>Total Liabilities</b>	<b>58,772</b>	<b>118,486</b>	<b>15,644</b>	<b>22,219</b>	<b>0</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	4,365	4,432	0	881	0
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	(248)	(68,113)	(3,198)	(3,460)	4,443
<b>Total Fund Balances</b>	<b>4,117</b>	<b>(63,681)</b>	<b>(3,198)</b>	<b>(2,579)</b>	<b>4,443</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$62,889</b>	<b>\$54,805</b>	<b>\$12,446</b>	<b>\$19,640</b>	<b>\$4,443</b>

Telecom Act	Classroom Size Reduction	Miscellaneous Federal	Food Service	Uniform School Supply	Latchkey	Total Nonmajor Special Revenue Funds
\$0	\$5,128	\$12,294	\$13,442	\$287,454	\$154,163	\$1,258,380
0	0	0	5,689	14,190	22,188	68,443
0	0	0	6	0	0	114
0	32,170	252,131	67,223	0	0	840,915
0	0	0	17,274	0	0	17,274
0	37,298	264,425	103,634	301,644	176,351	2,185,126
0	4,354	871	6,782	2,872	5,022	156,442
0	21,381	0	0	0	76,745	557,503
0	0	0	0	0	0	23,665
0	7,829	8,906	0	0	33,820	129,442
0	7,552	201,825	0	0	0	374,204
0	41,116	211,602	6,782	2,872	115,587	1,241,256
0	773	1	2,084	16,873	3,926	75,840
0	0	0	17,274	0	0	17,274
0	(4,591)	52,822	77,494	281,899	56,838	850,756
0	(3,818)	52,823	96,852	298,772	60,764	943,870
\$0	\$37,298	\$264,425	\$103,634	\$301,644	\$176,351	\$2,185,126

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, 2006

	Public School Support	Spring Recognition	Extracurricular Student Activities	Auxiliary Services	Management Information
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$1,104	\$0
Intergovernmental	0	0	0	699,574	30,552
Extracurricular Activities	76,861	0	183,026	0	0
Charges for Services	0	0	0	0	0
Other Revenues	243,694	65,921	24,247	0	0
<b>Total Revenues</b>	<b>320,555</b>	<b>65,921</b>	<b>207,273</b>	<b>700,678</b>	<b>30,552</b>
Expenditures:					
Current:					
Instruction:					
Regular	0	46,279	0	0	0
Special	0	0	0	0	0
Support Services:					
Pupil	290,599	0	0	0	0
Instructional Staff	0	2,913	0	0	0
School Administration	0	0	0	0	0
Business	0	0	0	0	30,552
Operations and Maintenance	1,712	0	0	0	0
Pupil Transportation	1,133	0	0	0	0
Operation of Non-Instructional Services	0	0	0	640,417	0
Extracurricular Activities	0	0	212,385	0	0
<b>Total Expenditures</b>	<b>293,444</b>	<b>49,192</b>	<b>212,385</b>	<b>640,417</b>	<b>30,552</b>
Net Change in Fund Balance	27,111	16,729	(5,112)	60,261	0
Fund Balance Beginning of Year	204,798	30,091	111,806	68,477	0
<b>Fund Balance End of Year</b>	<b>\$231,909</b>	<b>\$46,820</b>	<b>\$106,694</b>	<b>\$128,738</b>	<b>\$0</b>



Public School Pre-School	Entry Year Grant	SchoolNet OneNet	SchoolNet Professional Development	Ohio Reads	Summer Intervention	School Security	Title VI B Pre-School
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9,635	30,400	30,000	3,925	10,000	0	62,007	2,010,358
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
9,635	30,400	30,000	3,925	10,000	0	62,007	2,010,358
0	30,403	18,517	1,506	10,144	17,071	6,109	12,496
0	0	0	1,350	0	0	0	781,403
0	0	0	0	0	0	63,716	948,973
0	0	0	0	0	1,228	0	92,047
0	0	0	0	0	0	0	143,161
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	39,174
0	0	0	0	0	0	0	0
0	30,403	18,517	2,856	10,144	18,299	69,825	2,017,254
9,635	(3)	11,483	1,069	(144)	(18,299)	(7,818)	(6,896)
0	4	0	1,506	144	18,299	2,699	(26,465)
\$9,635	\$1	\$11,483	\$2,575	\$0	\$0	(\$5,119)	(\$33,361)

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, 2006

	Title III	Title I	Title VI	Drug Free Schools	Pre-School Disabilities
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	73,088	417,950	30,295	27,035	42,970
Extracurricular Activities	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other Revenues	0	0	0	0	0
<b>Total Revenues</b>	<b>73,088</b>	<b>417,950</b>	<b>30,295</b>	<b>27,035</b>	<b>42,970</b>
Expenditures:					
Current:					
Instruction:					
Regular	46,093	12,733	29,082	10,871	0
Special	0	371,127	0	0	0
Support Services:					
Pupil	0	0	0	0	38,527
Instructional Staff	22,878	85,276	0	21,920	0
School Administration	0	2,222	0	0	0
Business	0	0	0	0	0
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Operation of Non-Instructional Services	0	1,679	4,318	10,810	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<b>68,971</b>	<b>473,037</b>	<b>33,400</b>	<b>43,601</b>	<b>38,527</b>
Net Change in Fund Balance	4,117	(55,087)	(3,105)	(16,566)	4,443
Fund Balance Beginning of Year	0	(8,594)	(93)	13,987	0
<b>Fund Balance End of Year</b>	<b>\$4,117</b>	<b>(\$63,681)</b>	<b>(\$3,198)</b>	<b>(\$2,579)</b>	<b>\$4,443</b>

Telecom Act	Classroom Size Reduction	Miscellaneous Federal	Food Service	Uniform School Supply	Latchkey	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$564	\$0	\$0	\$1,668
68,514	213,711	84,713	613,399	0	0	4,458,126
0	0	0	0	0	0	259,887
0	0	0	2,136,580	484,904	789,553	3,411,037
0	0	0	0	0	0	333,862
68,514	213,711	84,713	2,750,543	484,904	789,553	8,464,580
0	102,155	26,552	0	0	0	370,011
0	0	0	0	0	0	1,153,880
0	0	0	0	0	0	1,341,815
0	128,578	7,313	0	0	0	362,153
0	0	0	0	0	0	145,383
0	0	0	0	0	0	30,552
107,620	0	0	0	0	0	109,332
0	0	0	0	0	0	1,133
0	4,768	788	2,561,988	427,119	860,167	4,551,228
0	0	0	0	0	0	212,385
107,620	235,501	34,653	2,561,988	427,119	860,167	8,277,872
(39,106)	(21,790)	50,060	188,555	57,785	(70,614)	186,708
39,106	17,972	2,763	(91,703)	240,987	131,378	757,162
\$0	(\$3,818)	\$52,823	\$96,852	\$298,772	\$60,764	\$943,870

Fairfield City School District, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2006

	Unclaimed Monies			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$21,579	\$4,939	\$0	\$26,518
Total Assets	<u>21,579</u>	<u>4,939</u>	<u>0</u>	<u>26,518</u>
Liabilities:				
Other Liabilities	21,579	4,939	0	26,518
Total Liabilities	<u>\$21,579</u>	<u>\$4,939</u>	<u>\$0</u>	<u>\$26,518</u>

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$104,831	\$203,685	\$166,614	\$141,902
Receivables:				
Accounts	602	0	602	0
Total Assets	<u>105,433</u>	<u>203,685</u>	<u>167,216</u>	<u>141,902</u>
Liabilities:				
Accounts Payable	3,251	12,892	3,251	12,892
Other Liabilities	102,182	190,793	163,965	129,010
Total Liabilities	<u>\$105,433</u>	<u>\$203,685</u>	<u>\$167,216</u>	<u>\$141,902</u>

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$126,410	\$208,624	\$166,614	\$168,420
Receivables:				
Accounts	602	0	602	0
Total Assets	<u>127,012</u>	<u>208,624</u>	<u>167,216</u>	<u>168,420</u>
Liabilities:				
Accounts Payable	3,251	12,892	3,251	12,892
Other Liabilities	123,761	195,732	163,965	155,528
Total Liabilities	<u>\$127,012</u>	<u>\$208,624</u>	<u>\$167,216</u>	<u>\$168,420</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, 2006

	Public School Support Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$77,378	\$76,702	(\$676)
Other Revenues	249,504	247,325	(2,179)
<b>Total Revenues</b>	<b>326,882</b>	<b>324,027</b>	<b>(2,855)</b>
Expenditures:			
Current:			
Support Services:			
Pupil	366,132	299,919	66,213
Operations and Maintenance	1,948	1,712	236
Pupil Transportation	1,300	1,238	62
<b>Total Expenditures</b>	<b>369,380</b>	<b>302,869</b>	<b>66,511</b>
<b>Net Change in Fund Balance</b>	<b>(42,498)</b>	<b>21,158</b>	<b>63,656</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	200,331	200,331	0
<b>Fund Balance End of Year</b>	<b>\$157,833</b>	<b>\$221,489</b>	<b>\$63,656</b>

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, 2006

	Spring Recognition Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$53,967	\$45,470	(\$8,497)
Total Revenues	<u>53,967</u>	<u>45,470</u>	<u>(8,497)</u>
Expenditures:			
Current:			
Instruction:			
Regular	77,426	48,848	28,578
Support Services:			
Instructional Staff	19,240	4,303	14,937
Total Expenditures	<u>96,666</u>	<u>53,151</u>	<u>43,515</u>
Excess of Revenues Over (Under) Expenditures	<u>(42,699)</u>	<u>(7,681)</u>	<u>35,018</u>
Other financing sources (uses):			
Advances In	23,751	10,861	(12,890)
Total Other Financing Sources (Uses)	<u>23,751</u>	<u>10,861</u>	<u>(12,890)</u>
Net Change in Fund Balance	(18,948)	3,180	22,128
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>33,839</u>	<u>33,839</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$14,891</u></u>	<u><u>\$37,019</u></u>	<u><u>\$22,128</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, 2006

	Extracurricular Student Activities Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$201,699	\$182,742	(\$18,957)
Other Revenues	26,762	24,247	(2,515)
Total Revenues	<u>228,461</u>	<u>206,989</u>	<u>(21,472)</u>
Expenditures:			
Current:			
Extracurricular Activities	257,406	211,970	45,436
Total Expenditures	<u>257,406</u>	<u>211,970</u>	<u>45,436</u>
Excess of Revenues Over (Under) Expenditures	<u>(28,945)</u>	<u>(4,981)</u>	<u>23,964</u>
Other financing sources (uses):			
Transfers In	29,139	26,400	(2,739)
Transfers (Out)	(26,400)	(26,400)	0
Total Other Financing Sources (Uses)	<u>2,739</u>	<u>0</u>	<u>(2,739)</u>
Net Change in Fund Balance	(26,206)	(4,981)	21,225
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>115,267</u>	<u>115,267</u>	<u>0</u>
Fund Balance End of Year	<u>\$89,061</u>	<u>\$110,286</u>	<u>\$21,225</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, 2006

	Auxiliary Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$1,099	\$1,099	\$0
Intergovernmental	699,573	699,574	1
Total Revenues	<u>700,672</u>	<u>700,673</u>	<u>1</u>
Expenditures:			
Current:			
Instruction:			
Operation of Non-Instructional Services	924,159	790,876	133,283
Total Expenditures	<u>924,159</u>	<u>790,876</u>	<u>133,283</u>
Net Change in Fund Balance	(223,487)	(90,203)	133,284
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>223,487</u>	<u>223,487</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$133,284</u>	<u>\$133,284</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, 2006

	Management Information Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$30,552	\$30,552	\$0
Total Revenues	30,552	30,552	0
Expenditures:			
Current:			
Support Services:			
Business	30,552	30,552	0
Total Expenditures	30,552	30,552	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$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, 2006

	Public School Pre-School Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$83,010	\$8,492	(\$74,518)
Total Revenues	83,010	8,492	(74,518)
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	83,010	8,492	(74,518)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$83,010	\$8,492	(\$74,518)

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, 2006

	Entry Year Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$30,400	\$30,400	\$0
Total Revenues	30,400	30,400	0
Expenditures:			
Current:			
Instruction:			
Regular	32,815	32,815	0
Total Expenditures	32,815	32,815	0
Net Change in Fund Balance	(2,415)	(2,415)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,415	2,415	0
Fund Balance End of Year	\$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, 2006

	SchoolNet OneNet Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$30,000	\$30,000	\$0
Total Revenues	30,000	30,000	0
Expenditures:			
Current:			
Instruction:			
Regular	30,000	18,517	11,483
Total Expenditures	30,000	18,517	11,483
Net Change in Fund Balance	0	11,483	11,483
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$11,483	\$11,483

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, 2006

	SchoolNet Professional Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$3,925	\$3,925	\$0
Total Revenues	3,925	3,925	0
Expenditures:			
Current:			
Instruction:			
Regular	1,506	1,506	0
Support Services:			
Instructional Staff	3,925	0	3,925
Total Expenditures	5,431	1,506	3,925
Net Change in Fund Balance	(1,506)	2,419	3,925
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,506	1,506	0
Fund Balance End of Year	\$0	\$3,925	\$3,925

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, 2006

	Ohio Reads Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$10,000	\$10,000	\$0
Total Revenues	10,000	10,000	0
Expenditures:			
Current:			
Instruction:			
Regular	10,465	10,465	0
Total Expenditures	10,465	10,465	0
Net Change in Fund Balance	(465)	(465)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	465	465	0
Fund Balance End of Year	\$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, 2006

	Summer Intervention Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$20,686	\$20,686	\$0
Total Revenues	20,686	20,686	0
Expenditures:			
Current:			
Instruction:			
Regular	19,816	18,588	1,228
Support Services:			
Instructional Staff	0	1,228	(1,228)
Total Expenditures	19,816	19,816	0
Excess of Revenues Over (Under) Expenditures	870	870	0
Other financing sources (uses):			
Advances (Out)	0	(19,174)	(19,174)
Total Other Financing Sources (Uses)	0	(19,174)	(19,174)
Net Change in Fund Balance	870	(18,304)	(19,174)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,304	18,304	0
Fund Balance End of Year	<u>\$19,174</u>	<u>\$0</u>	<u>(\$19,174)</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, 2006

	School Security Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$62,007	\$62,007	\$0
Total Revenues	62,007	62,007	0
Expenditures:			
Current:			
Instruction:			
Regular	6,167	6,167	0
Support Services:			
Pupil	58,598	50,235	8,363
Total Expenditures	64,765	56,402	8,363
Net Change in Fund Balance	(2,758)	5,605	8,363
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,758	2,758	0
Fund Balance End of Year	\$0	\$8,363	\$8,363



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, 2006

	Title VI B Pre-School Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,369,246	\$1,986,966	(\$382,280)
Total Revenues	<u>2,369,246</u>	<u>1,986,966</u>	<u>(382,280)</u>
Expenditures:			
Current:			
Instruction:			
Regular	13,659	13,556	103
Special	914,848	697,883	216,965
Support Services:			
Pupil	1,048,085	883,606	164,479
Instructional Staff	129,994	116,269	13,725
School Administration	190,990	160,152	30,838
Pupil Transportation	200	0	200
Operation of Non-Instructional Services	49,187	34,656	14,531
Total Expenditures	<u>2,346,963</u>	<u>1,906,122</u>	<u>440,841</u>
Excess of Revenues Over (Under) Expenditures	<u>22,283</u>	<u>80,844</u>	<u>58,561</u>
Other financing sources (uses):			
Advances In	13,635	11,435	(2,200)
Advances (Out)	0	(45,415)	(45,415)
Total Other Financing Sources (Uses)	<u>13,635</u>	<u>(33,980)</u>	<u>(47,615)</u>
Net Change in Fund Balance	35,918	46,864	10,946
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>9,498</u>	<u>9,498</u>	<u>0</u>
Fund Balance End of Year	<u>\$45,416</u>	<u>\$56,362</u>	<u>\$10,946</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, 2006

	Title III Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$51,696	\$49,698	(\$1,998)
Total Revenues	51,696	49,698	(1,998)
Expenditures:			
Current:			
Instruction:			
Regular	54,404	53,785	619
Support Services:			
Instructional Staff	25,709	22,978	2,731
Operation of Non-Instructional Services	100	0	100
Total Expenditures	80,213	76,763	3,450
Excess of Revenues Over (Under) Expenditures	(28,517)	(27,065)	1,452
Other financing sources (uses):			
Advances In	37,560	36,108	(1,452)
Advances (Out)	0	(12,491)	(12,491)
Total Other Financing Sources (Uses)	37,560	23,617	(13,943)
Net Change in Fund Balance	9,043	(3,448)	(12,491)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,448	3,448	0
Fund Balance End of Year	\$12,491	\$0	(\$12,491)

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, 2006

	Title I Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$439,746	\$427,740	(\$12,006)
Total Revenues	439,746	427,740	(12,006)
Expenditures:			
Current:			
Instruction:			
Regular	20,237	12,732	7,505
Special	370,562	360,213	10,349
Support Services:			
Instructional Staff	97,899	94,212	3,687
School Administration	4,174	2,222	1,952
Operation of Non-Instructional Services	1,679	1,679	0
Total Expenditures	494,551	471,058	23,493
Excess of Revenues Over (Under) Expenditures	(54,805)	(43,318)	11,487
Other financing sources (uses):			
Advances In	14,636	14,236	(400)
Advances (Out)	0	(22,769)	(22,769)
Transfers In	3,421	3,328	(93)
Transfers (Out)	0	(3,328)	(3,328)
Total Other Financing Sources (Uses)	18,057	(8,533)	(26,590)
Net Change in Fund Balance	(36,748)	(51,851)	(15,103)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	64,171	64,171	0
Fund Balance End of Year	\$27,423	\$12,320	(\$15,103)

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, 2006

	Title VI Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$41,966	\$34,079	(\$7,887)
Total Revenues	41,966	34,079	(7,887)
Expenditures:			
Current:			
Instruction:			
Regular	37,321	25,190	12,131
Operation of Non-Instructional Services	4,958	4,642	316
Total Expenditures	42,279	29,832	12,447
Excess of Revenues Over (Under) Expenditures	(313)	4,247	4,560
Other financing sources (uses):			
Advances (Out)	0	(2,264)	(2,264)
Total Other Financing Sources (Uses)	0	(2,264)	(2,264)
Net Change in Fund Balance	(313)	1,983	2,296
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,576	2,576	0
Fund Balance End of Year	<u>\$2,263</u>	<u>\$4,559</u>	<u>\$2,296</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, 2006

	Drug Free Schools Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$45,899	\$40,303	(\$5,596)
Total Revenues	45,899	40,303	(5,596)
Expenditures:			
Current:			
Instruction:			
Regular	15,462	14,625	837
Support Services:			
Pupil	1,271	1,271	0
Instructional Staff	25,762	22,728	3,034
School Administration	500	0	500
Pupil Transportation	873	750	123
Operation of Non-Instructional Services	13,927	10,960	2,967
Total Expenditures	57,795	50,334	7,461
Excess of Revenues Over (Under) Expenditures	(11,896)	(10,031)	1,865
Other financing sources (uses):			
Advances In	7,114	6,247	(867)
Advances (Out)	(12,015)	(12,015)	0
Transfers In	8,178	7,181	(997)
Transfers (Out)	(7,181)	(7,181)	0
Total Other Financing Sources (Uses)	(3,904)	(5,768)	(1,864)
Net Change in Fund Balance	(15,800)	(15,799)	1
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,799	15,799	0
Fund Balance End of Year	(\$1)	\$0	\$1

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, 2006

	Pre-School Disabilities Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$42,971	\$38,527	(\$4,444)
Total Revenues	42,971	38,527	(4,444)
Expenditures:			
Current:			
Instruction:			
Regular	42,971	38,527	4,444
Total Expenditures	42,971	38,527	4,444
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$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, 2006

	Telecom Act Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$68,514	\$68,514	\$0
Total Revenues	68,514	68,514	0
Expenditures:			
Current:			
Support Services:			
Operations and Maintenance	107,620	107,620	0
Total Expenditures	107,620	107,620	0
Net Change in Fund Balance	(39,106)	(39,106)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	39,106	39,106	0
Fund Balance End of Year	\$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, 2006

	Classroom Size Reduction Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$257,246	\$234,957	(\$22,289)
Total Revenues	257,246	234,957	(22,289)
Expenditures:			
Current:			
Instruction:			
Regular	108,563	93,056	15,507
Support Services:			
Instructional Staff	140,503	131,669	8,834
Operation of Non-Instructional Services	6,439	6,439	0
Total Expenditures	255,505	231,164	24,341
Excess of Revenues Over (Under) Expenditures	1,741	3,793	2,052
Other financing sources (uses):			
Advances In	8,572	7,829	(743)
Advances (Out)	0	(22,946)	(22,946)
Transfers In	15,117	13,807	(1,310)
Transfers (Out)	(13,807)	(13,807)	0
Total Other Financing Sources (Uses)	9,882	(15,117)	(24,999)
Net Change in Fund Balance	11,623	(11,324)	(22,947)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,324	11,324	0
Fund Balance End of Year	\$22,947	\$0	(\$22,947)



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, 2006

	Miscellaneous Federal Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$240,868	\$39,909	(\$200,959)
Total Revenues	240,868	39,909	(200,959)
Expenditures:			
Current:			
Instruction:			
Regular	279,092	26,552	252,540
Support Services:			
Instructional Staff	7,328	7,314	14
Operation of Non-Instructional Services	816	788	28
Total Expenditures	287,236	34,654	252,582
Excess of Revenues Over (Under) Expenditures	(46,368)	5,255	51,623
Other financing sources (uses):			
Advances In	53,752	8,906	(44,846)
Advances (Out)	0	(5,502)	(5,502)
Total Other Financing Sources (Uses)	53,752	3,404	(50,348)
Net Change in Fund Balance	7,384	8,659	1,275
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,763	2,763	0
Fund Balance End of Year	<u>\$10,147</u>	<u>\$11,422</u>	<u>\$1,275</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, 2006

	Food Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$525	\$585	\$60
Intergovernmental	408,787	455,335	46,548
Charges for Services	1,914,613	2,132,629	218,016
Total Revenues	<u>2,323,925</u>	<u>2,588,549</u>	<u>264,624</u>
Expenditures:			
Current:			
Operation of Non-Instructional Services	<u>2,322,661</u>	<u>2,642,630</u>	<u>(319,969)</u>
Total Expenditures	<u>2,322,661</u>	<u>2,642,630</u>	<u>(319,969)</u>
Net Change in Fund Balance	1,264	(54,081)	(55,345)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>59,712</u>	<u>59,712</u>	<u>0</u>
Fund Balance End of Year	<u>\$60,976</u>	<u>\$5,631</u>	<u>(\$55,345)</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, 2006

	Uniform School Supply Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	\$544,812	\$479,178	(\$65,634)
Total Revenues	544,812	479,178	(65,634)
Expenditures:			
Current:			
Operation of Non-Instructional Services	588,145	453,385	134,760
Total Expenditures	588,145	453,385	134,760
Net Change in Fund Balance	(43,333)	25,793	69,126
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	241,916	241,916	0
Fund Balance End of Year	\$198,583	\$267,709	\$69,126

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, 2006

	Latchkey Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	\$834,653	\$778,209	(\$56,444)
Total Revenues	<u>834,653</u>	<u>778,209</u>	<u>(56,444)</u>
Expenditures:			
Current:			
Operation of Non-Instructional Services	1,025,537	879,818	145,719
Total Expenditures	<u>1,025,537</u>	<u>879,818</u>	<u>145,719</u>
Excess of Revenues Over (Under) Expenditures	<u>(190,884)</u>	<u>(101,609)</u>	<u>89,275</u>
Other financing sources (uses):			
Advances In	36,273	33,820	(2,453)
Advances (Out)	(41,947)	(41,947)	0
Transfers In	151,874	141,603	(10,271)
Transfers (Out)	<u>(141,603)</u>	<u>(141,603)</u>	<u>0</u>
		0	
Total Other Financing Sources (Uses)	<u>4,597</u>	<u>(8,127)</u>	<u>(12,724)</u>
Net Change in Fund Balance	(186,287)	(109,736)	76,551
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>255,344</u>	<u>255,344</u>	<u>0</u>
Fund Balance End of Year	<u>\$69,057</u>	<u>\$145,608</u>	<u>\$76,551</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, 2006

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$3,430,478	\$3,563,266	\$132,788
Intergovernmental	366,290	380,468	14,178
Total Revenues	<u>3,796,768</u>	<u>3,943,734</u>	<u>146,966</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	50,000	56,040	(6,040)
Debt Service:			
Principal Retirement	2,195,000	2,195,000	0
Interest and Fiscal Charges	1,971,912	1,971,912	0
Total Expenditures	<u>4,216,912</u>	<u>4,222,952</u>	<u>(6,040)</u>
Excess of Revenues Over (Under) Expenditures	<u>(420,144)</u>	<u>(279,218)</u>	<u>140,926</u>
Other financing sources (uses):			
Transfers In	434,793	451,623	16,830
Total Other Financing Sources (Uses)	<u>434,793</u>	<u>451,623</u>	<u>16,830</u>
Net Change in Fund Balance	14,649	172,405	157,756
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,761,462</u>	<u>1,761,462</u>	<u>0</u>
Fund Balance End of Year	<u>\$1,776,111</u>	<u>\$1,933,867</u>	<u>\$157,756</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, 2006

	Permanent Improvement Fund		Variance from Final Budget
	Final Budget	Actual	
Revenues:			
Taxes	\$2,333,533	\$2,543,979	\$210,446
Intergovernmental	239,346	260,931	21,585
Total Revenues	<u>2,572,879</u>	<u>2,804,910</u>	<u>232,031</u>
Expenditures:			
Current:			
Instruction:			
Regular	431,521	430,664	857
Support Services:			
Fiscal	38,000	38,683	(683)
Capital Outlay	2,679,402	2,545,073	134,329
Total Expenditures	<u>3,148,923</u>	<u>3,014,420</u>	<u>134,503</u>
Excess of Revenues Over (Under) Expenditures	<u>(576,044)</u>	<u>(209,510)</u>	<u>366,534</u>
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	68,796	75,000	6,204
Advances (Out)	0	(430,000)	(430,000)
Total Other Financing Sources (Uses)	<u>68,796</u>	<u>(355,000)</u>	<u>(423,796)</u>
Net Change in Fund Balance	(507,248)	(564,510)	(57,262)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,442,416</u>	<u>1,442,416</u>	<u>0</u>
Fund Balance End of Year	<u>\$935,168</u>	<u>\$877,906</u>	<u>(\$57,262)</u>

# STATISTICAL SECTION

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Fairfield City School District, Ohio  
 Net Assets by Component  
 Last Four Fiscal Years (1)  
 (accrual basis of accounting)  
 Schedule 1

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$20,902,211	\$21,570,632	\$22,908,188	\$24,317,899
Restricted	2,438,988	2,867,558	2,659,736	4,440,838
Unrestricted	(5,332,637)	(8,474,935)	(7,651,687)	(3,947,260)
Total Net Assets	<u>\$18,008,562</u>	<u>\$15,963,255</u>	<u>\$17,916,237</u>	<u>\$24,811,477</u>

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Fairfield City School District, Ohio  
 Expenses, Program Revenues and Net (Expense)/Revenue  
 Last Four Fiscal Years (1)  
 (accrual basis of accounting)  
 Schedule 2

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Instruction	\$41,503,349	\$43,328,693	\$42,058,146	\$42,123,037
Pupil	3,416,375	3,478,770	3,480,637	3,621,552
Instructional Staff	3,841,480	5,144,223	4,698,600	4,965,046
General Administration	28,263	16,609	19,433	26,619
School Administration	4,973,469	5,338,349	5,351,477	5,186,685
Fiscal	1,168,919	1,310,808	1,356,920	1,261,085
Business	329,539	353,440	338,799	361,273
Operation and Maintenance	6,887,083	6,759,627	6,666,556	8,855,622
Pupil Transportation	4,409,121	5,451,797	5,227,177	5,288,352
Central	167,298	142,874	90,831	116,583
Operation of Non-Instructional Services	786,815	4,443,516	4,865,039	4,583,566
Extracurricular Activities	1,730,593	1,601,544	1,294,759	1,474,640
Interest and Fiscal Charges	2,280,456	2,184,076	2,077,167	1,964,883
Total Expenses	<u>71,522,760</u>	<u>79,554,326</u>	<u>77,525,541</u>	<u>79,828,943</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	645,341	961,488	843,709	780,632
Pupil	125,167	1,289,446	53,779	53,442
Instructional Staff	765	40,701	0	0
Operation and Maintenance	117,850	133,527	174,391	137,930
Pupil Transportation	61	630	882	106
Operation of Non-Instructional Services	0	0	3,284,501	3,411,037
Extracurricular Activities	100,394	1,036,141	289,023	324,079
Operating Grants and Contributions	2,999,253	4,031,923	4,609,654	4,573,108
Capital Grants and Contributions	371,354	69,562	155,397	104,394
Total Program Revenues	<u>4,360,185</u>	<u>7,563,418</u>	<u>9,411,336</u>	<u>9,384,728</u>
Net (Expense)/Revenue	<u>(\$67,162,575)</u>	<u>(\$71,990,908)</u>	<u>(\$68,114,205)</u>	<u>(\$70,444,215)</u>

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Fairfield City School District, Ohio  
 General Revenues and Total Change in Net Assets  
 Last Four Fiscal Years (1)  
 (accrual basis of accounting)  
 Schedule 3

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue	(\$67,162,575)	(\$71,990,908)	(\$68,114,205)	(\$70,444,215)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Property Taxes Levied for General Purposes	29,958,722	32,751,029	34,987,263	40,201,504
Property Taxes Levied for Debt Service Purposes	3,542,027	3,443,929	3,213,058	3,621,206
Property Taxes Levied for Capital Projects Purposes	876,679	1,735,554	2,265,014	2,576,990
Grants and Entitlements Not Restricted to Specific Programs	28,186,225	28,957,635	28,196,910	29,087,081
Payment in Lieu of Taxes	376,955	1,216,215	683,216	791,423
Investment Earnings	256,118	142,386	205,894	617,638
Other Revenues	660,548	1,267,747	515,832	443,613
Total General Revenues	63,857,274	69,514,495	70,067,187	77,339,455
Change in Net Assets	(\$3,305,301)	(\$2,476,413)	\$1,952,982	\$6,895,240

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Fairfield City School District, Ohio  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Schedule 4

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	N/A	N/A	\$8,700,977	\$5,013,447	\$5,705,976	\$2,189,574	\$1,387,739	\$1,446,879	\$1,604,568	\$1,214,637
Unreserved	N/A	N/A	(94,415)	962,236	1,630,683	3,357,823	933,099	(3,129,833)	(2,628,419)	1,665,233
Total General Fund	N/A	N/A	8,606,562	5,975,683	7,336,659	5,547,397	2,320,838	(1,682,954)	(1,023,851)	2,879,870
All Other Governmental Funds										
Reserved	N/A	N/A	1,653,194	671,198	850,368	337,703	234,687	1,065,208	1,153,071	751,404
Unreserved, Reported in:										
Capital Project Funds	N/A	N/A	(389,748)	(1,297,975)	(1,087,023)	(715,259)	(233,900)	(786,058)	(197,591)	849,752
Debt Service Funds	N/A	N/A	690,937	1,113,160	2,210,212	1,898,083	1,981,092	1,717,392	1,761,462	1,933,867
Special Revenue Funds	N/A	N/A	462,244	562,197	723,835	842,403	442,509	870,359	584,676	850,756
Total all Other Governmental Funds	N/A	N/A	\$2,416,627	\$1,048,580	\$2,697,392	\$2,362,930	\$2,424,388	\$2,866,901	\$3,301,618	\$4,385,779

Source: District Records

N/A - Information not available

Fairfield City School District, Ohio  
 Governmental Funds Revenues  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Schedule 5

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Taxes	N/A	N/A	\$34,762,894	\$26,355,842	\$33,800,513	\$29,569,175	\$33,896,678	\$36,600,251	\$41,269,469	\$45,958,652
Revenue in Lieu of Taxes	N/A	N/A	0	0	0	0	0	0	0	791,423
Tuition and Fees	N/A	N/A	470,788	737,369	634,581	330,711	626,921	804,328	843,709	780,632
Investment Earnings	N/A	N/A	708,626	838,703	984,299	466,820	256,118	142,386	205,894	617,638
Intergovernmental	N/A	N/A	22,594,020	24,670,990	26,951,947	30,062,525	32,096,869	33,082,542	32,921,716	33,673,083
Extracurricular Activities	N/A	N/A	203,277	254,512	239,826	248,135	245,129	247,177	344,551	377,780
Charges for Services	N/A	N/A	0	0	0	0	0	2,280,253	3,284,501	3,548,814
Other Revenues	N/A	N/A	1,328,406	1,019,383	1,468,651	1,233,622	1,042,748	2,620,610	1,346,320	649,210
Total Revenues	N/A	N/A	\$60,068,011	\$53,876,799	\$64,079,817	\$61,910,988	\$68,164,463	\$75,777,547	\$80,216,160	\$86,397,232

Source: District Records

N/A - Information not available

Fairfield City School District, Ohio  
 Governmental Funds Expenditures and Debt Service Ratio  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Schedule 6

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Instruction	N/A	N/A	\$27,448,830	\$30,311,134	\$33,211,989	\$35,088,673	\$39,560,090	\$40,829,325	\$40,131,380	\$41,776,394
Pupil	N/A	N/A	2,317,519	2,802,856	2,832,868	2,841,695	3,341,899	3,489,144	3,351,415	3,682,891
Instructional Staff	N/A	N/A	3,155,361	2,892,821	3,280,604	3,594,709	3,807,828	5,020,642	4,648,400	4,982,688
General Administration	N/A	N/A	20,420	26,607	34,753	16,742	28,263	16,609	19,433	26,619
School Administration	N/A	N/A	4,633,624	3,935,390	4,450,744	4,347,554	4,927,439	5,330,936	5,374,172	5,304,798
Fiscal	N/A	N/A	530,299	997,086	1,010,075	1,111,352	1,158,176	1,301,736	1,400,212	1,248,272
Business	N/A	N/A	534,937	214,558	310,803	303,342	306,891	342,420	344,165	348,585
Operation and Maintenance	N/A	N/A	5,271,078	5,733,525	6,242,870	6,122,779	6,770,366	6,719,235	6,390,886	8,948,519
Pupil Transportation	N/A	N/A	2,821,999	3,694,962	3,758,922	3,785,348	5,002,869	4,980,290	4,892,542	5,067,358
Central	N/A	N/A	41,412	151,564	129,012	152,527	163,255	140,618	89,054	119,389
Operation of Non-Instructional Services	N/A	N/A	380,091	441,103	619,118	481,477	825,416	4,180,304	4,714,290	4,551,228
Extracurricular Activities	N/A	N/A	1,279,487	1,337,934	1,365,182	1,430,422	1,736,373	1,592,845	1,287,028	1,485,249
Capital Outlay	N/A	N/A	2,868,597	1,409,575	345,025	331,938	0	1,826,604	1,702,522	130,068
Debt Service										
Principal	N/A	N/A	986,099	1,032,940	1,041,000	2,025,000	1,720,414	2,047,149	2,188,619	2,388,565
Interest	N/A	N/A	3,110,077	3,060,189	2,167,204	2,401,670	2,293,264	2,192,115	2,086,146	1,974,910
Total Expenditures	N/A	N/A	\$55,399,830	\$58,042,244	\$60,800,169	\$64,035,228	\$71,642,543	\$80,009,972	\$78,620,264	\$82,035,533
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	7.80%	7.23%	5.31%	6.95%	5.60%	5.42%	5.56%	5.33%

Source: District Records

N/A - Information not available

Fairfield City School District, Ohio  
 Other Financing Sources and Uses and Net Change in Fund Balances  
 Governmental Funds,  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Schedule 7

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other Financing Sources (Uses)										
Proceeds of Capital Leases	N/A	N/A	\$114,123	\$163,202	\$0	\$0	\$310,036	\$256,795	\$0	\$550,429
Proceeds of Refunding Bonds	N/A	N/A	0	0	38,245,781	0	0	0	0	0
Payments to Refunded Bond Escrow Agent	N/A	N/A	0	0	(38,245,781)	0	0	0	0	0
Proceeds of Refunding Bonds - Premium	N/A	N/A	0	0	33,187	0	0	0	0	0
Sale of Capital Assets	N/A	N/A	230,925	3,317	423	516	2,250	7,234	75,400	75,754
Transfers In	N/A	N/A	3,491,067	5,463,611	3,932,401	2,906,306	1,904,643	799,745	449,565	451,623
Transfers (Out)	N/A	N/A	(3,491,067)	(5,463,611)	(4,232,035)	(2,906,306)	(1,904,643)	(799,745)	(449,565)	(451,623)
Total Other Financing Sources (Uses)	N/A	N/A	345,048	166,519	(266,024)	516	312,286	264,029	75,400	626,183
Net Change in Fund Balances	N/A	N/A	\$5,013,229	(\$3,998,926)	\$3,013,624	(\$2,123,724)	(\$3,165,794)	(\$3,968,396)	\$1,671,296	\$4,987,882

Source: District Records

N/A - Information not available

Fairfield City School District, Ohio  
 Assessed Value and Actual Value of Taxable Property  
 Last Ten Calendar Years  
 Schedule 8

Calendar Year	Real Property Assessed Value (1)	Tangible Personal Property Assessed Value (1)	Public Utilities Personal Assessed Value (1)	Total Assessed Value (1)	Total Estimated Actual Value	Total Direct Rate
1996	\$680,654,840	\$66,847,507	\$46,752,550	\$794,254,897	\$2,269,299,706	55.00
1997	737,480,630	83,814,921	46,487,160	867,782,711	2,479,379,174	55.00
1998	773,080,200	92,145,900	45,340,120	910,566,220	2,601,617,771	54.00
1999	797,087,180	88,645,232	46,049,910	931,782,322	2,662,235,206	54.00
2000	891,492,700	95,496,050	46,448,790	1,033,437,540	2,952,678,686	54.00
2001	934,248,580	87,858,027	43,228,880	1,065,335,487	3,043,815,677	54.00
2002	974,458,300	97,874,411	32,940,510	1,105,273,221	3,157,923,489	54.00
2003	1,157,170,240	92,877,207	33,286,990	1,283,334,437	3,666,669,820	54.00
2004	1,190,539,390	95,963,033	33,773,000	1,320,275,423	3,772,215,494	54.00
2005	1,213,766,140	101,330,894	34,880,370	1,349,977,404	3,857,078,297	58.66

Source: County Auditor

(1) - Assessed values shown in this schedule will not agree to amounts in the notes to the financial statements, since the schedules are shown on a calendar year basis, which is consistent with the method county auditors maintain this information

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed.



Fairfield City School District, Ohio  
 Direct and Overlapping Property Tax Rates  
 Last Ten Calendar Years  
 Schedule 9

Calendar Year	District Direct Rates	Overlapping Rates				
		Butler County	City of Fairfield	Fairfield Township	Butler County Joint Vocational School	Fairfield Township Fire District
1996	55.00	7.00	5.00	7.00	1.93	0.00
1997	55.00	8.00	5.00	7.00	1.93	0.00
1998	54.00	8.00	5.00	7.00	1.93	0.00
1999	54.00	8.00	5.00	7.00	1.93	0.00
2000	54.00	8.00	4.00	7.00	1.93	0.00
2001	54.00	8.00	5.94	13.00	1.93	0.00
2002	54.00	9.00	5.94	12.00	1.93	0.00
2003	54.00	9.00	5.94	12.00	1.93	0.00
2004	54.00	9.00	5.94	12.00	1.93	0.00
2005	58.66	8.74	5.94	7.19	1.93	5.00

Source: County Auditor

Fairfield City School District, Ohio  
 Principal Property Tax Payers  
 Current and Prior Calendar Year (1)  
 Schedule 10

2005		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Cincinnati Gas and Electric	\$25,682,890	1.90%
Cincinnati Financial	16,913,280	1.25%
Sam Boymel TR	9,720,740	0.72%
Ohio Casualty Insurance	7,733,750	0.57%
Cincinnati Bell Telephone	5,984,430	0.44%
Fath-Village Park Apt.	5,709,930	0.42%
Alliance TP Portfolio LTD	5,540,810	0.41%
TGM Camelot Inc	5,260,550	0.39%
Teachers Retirement System	5,105,830	0.38%
Cincinnati Oxford Assn	4,917,700	0.36%
	<u>\$92,569,910</u>	<u>6.84%</u>

2004		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Cincinnati Gas and Electric	\$24,047,350	1.82%
Cincinnati Financial	29,708,460	2.25%
Sam Boymel TR	11,012,190	0.83%
Ohio Casualty Insurance	8,050,020	0.61%
Cincinnati Bell Telephone	7,527,310	0.57%
Fath-Village Park Apt.	7,317,110	0.55%
Alliance TP Portfolio LTD	5,243,500	0.40%
TGM Camelot Inc	5,009,330	0.38%
Teachers Retirement System	5,045,490	0.38%
Sisters of Mercy of Hamilton	11,873,720	0.90%
	<u>\$114,834,480</u>	<u>8.69%</u>

Source: County Auditor

(1) - Current and prior year information only available

Fairfield City School District, Ohio  
Property Tax Levies and Collections  
Last Ten Calendar Years  
Schedule 11

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$26,744,006	\$26,138,134	97.73%	\$592,836	\$26,730,970	99.95%
1997	26,779,589	25,463,240	95.08%	572,190	26,035,430	97.22%
1998	26,906,274	26,602,692	98.87%	719,216	27,321,908	101.54%
1999	29,675,294	29,465,697	99.29%	544,961	30,010,658	101.13%
2000	31,344,392	30,090,084	96.00%	769,186	30,859,270	98.45%
2001	31,800,460	30,919,285	97.23%	852,116	31,771,401	99.91%
2002	34,128,644	34,175,938	100.14%	962,068	35,138,006	102.96%
2003	36,880,825	35,653,905	96.67%	998,758	36,652,663	99.38%
2004	42,045,555	40,206,341	95.63%	1,047,051	41,253,392	98.12%
2005	45,102,342	42,920,843	95.16%	1,244,972	44,165,815	97.92%

Source: County Auditor

Fairfield City School District, Ohio  
 Outstanding Debt by Type  
 Last Ten Fiscal Years  
 Schedule 12

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Capital Leases			
1997	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A
1999	\$48,247,814	\$364,509	\$48,612,323	0.53%	\$802
2000	47,325,814	253,569	47,579,383	0.50%	786
2001	46,280,655	0	46,280,655	0.48%	765
2002	44,255,655	0	44,255,655	0.45%	752
2003	42,650,655	194,622	42,845,277	0.42%	728
2004	40,795,655	259,268	41,054,923	0.38%	681
2005	38,780,655	85,649	38,866,304	N/A	659
2006	36,585,555	442,513	37,028,068	N/A	N/A

Source: District Records

N/A - Information not available

(1) - On the calendar year basis

Fairfield City School District, Ohio  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2006  
 Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Butler County	\$72,135,000	18.41%	\$13,280,054
Fairfield City	28,250,000	98.80%	27,911,000
Fairfield Township	9,500,000	99.30%	9,433,500
Butler Technology & Career Center Joint Vocational School	3,195,000	21.01%	671,270
Subtotal, Overlapping Debt	113,080,000		51,295,823
District Direct Debt	36,585,655	100.00%	36,585,655
Total Direct and Overlapping Debt	\$149,665,655		\$87,881,478

Source: Ohio Municipal Advisory Council

Fairfield City School District, Ohio  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Schedule 14

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value (1)	\$1,349,977,404
Debt limit (9% of assessed value)	121,497,966
Debt applicable to limit	36,585,655
Legal debt margin	<u>\$84,912,311</u>

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	N/A	N/A	\$81,950,960	\$83,860,409	\$93,009,379	\$95,880,194	\$99,474,590	\$115,500,099	\$118,824,788	\$121,497,966
Total Net Debt Applicable to Limit	N/A	N/A	48,247,814	47,325,814	46,280,655	45,255,655	42,650,655	40,795,655	38,780,655	36,585,655
Legal Debt Margin	N/A	N/A	\$33,703,146	\$36,534,595	\$46,728,724	\$50,624,539	\$56,823,935	\$74,704,444	\$80,044,133	<u>\$84,912,311</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	N/A	N/A	58.87%	56.43%	49.76%	47.20%	42.88%	35.32%	32.64%	30.11%

Source: District Records

N/A - Information not available

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2006 is calendar year 2005)

Fairfield City School District, Ohio  
 Demographic and Economic Statistics  
 Last Ten Calendar Years  
 Schedule 15

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
1996	55,456	\$7,391,912	\$22,948	4.30%
1997	57,120	7,983,144	24,531	3.50%
1998	58,837	8,560,958	26,079	3.60%
1999	60,602	9,087,357	27,475	3.30%
2000	60,500	9,547,252	28,608	3.20%
2001	60,500	9,729,127	28,881	3.20%
2002	58,849	9,938,473	29,273	4.50%
2003	58,849	10,285,549	30,014	4.50%
2004	60,254	10,844,563	31,332	4.30%
2005	58,965	N/A	N/A	5.20%

Sources:

- (1) - Population estimates provided by U.S. Census Bureau
- (2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Butler County
- (3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Butler County
- (4) - Ohio Bureau of Employment Services, rates are for Butler County

N/A - Information not available

Fairfield City School District, Ohio  
 Principal Employers  
 Current Fiscal Year (1)  
 Schedule 16

2006 (2)

Taxpayer	Number of Employees	Percentage of Total Employment
Miami University	4,250	2.36%
AK Steel	3,142	1.74%
Cincinnati Insurance Co.	2,600	1.44%
Butler County Government	2,000	1.11%
Ft Hamilton Memorial Hospital	2,000	1.11%
Middletown Regional Hospital	1,800	1.00%
Mercy Regional Hospital	1,601	0.89%
Lakota School District	1,600	0.89%
Ohio Casualty Insurance Co.	1,300	0.72%
Hamilton City School District	1,150	0.64%
	21,443	11.89%
Total County Employment	180,400	

Source: County Chamber of Commerce

(1) - Only current fiscal year information available

(2) - Data current as of April 2005



Fairfield City School District, Ohio  
 Full-Time Equivalent District Employees by Type  
 Last Five Fiscal Years (1)  
 Schedule 17

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Instruction</b>					
Regular Teaching	368.67	377.16	369.50	355.94	376.84
Special Education Teaching	69.80	70.62	73.52	73.03	83.40
Vocational Education Teaching	3.00	3.00	4.00	0.00	0.00
Tutor/Small Group Instructor	0.00	0.00	0.00	1.00	0.00
Educational Service Personnel Teacher	57.67	55.33	54.80	51.33	40.74
Supplemental Service Teacher (Special Education)	0.00	1.00	4.00	4.00	3.00
<b>Total Instruction</b>	<b>499.14</b>	<b>507.11</b>	<b>505.82</b>	<b>485.30</b>	<b>503.98</b>
<b>Support Services</b>					
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Assistant Superintendent	1.00	2.00	1.00	1.00	1.00
Assistant Principal	15.00	13.00	15.00	14.00	15.00
Principals	9.00	9.00	10.00	10.00	10.00
Superintendent	1.00	1.00	1.00	1.00	1.00
Supervisors/Directors	8.00	8.00	8.00	8.00	8.00
Treasurer	1.00	1.00	1.00	0.00	1.00
Coordinator	1.00	2.00	5.00	5.00	5.00
Curriculum Specialist	5.00	6.20	3.00	3.00	3.00
Counseling	11.33	11.33	12.50	11.00	11.00
Librarian/Media	7.00	7.00	7.00	6.50	6.50
Remedial Specialist	17.76	14.63	17.17	15.67	18.50
Psychologist	7.50	8.50	9.50	6.70	10.70
Publicity Relations	1.00	2.00	1.00	1.00	1.00
Registered Nursing	11.00	11.00	11.00	11.00	11.00
Physical Therapist	0.00	1.00	1.00	1.00	1.40
Speech and Language Therapist	7.68	10.48	9.15	8.81	10.34
Occupational Therapist	1.00	1.00	1.20	1.20	1.20
Occupational Therapist Assistant	0.00	0.00	0.00	0.00	1.00
Computer Operating	0.00	0.00	0.00	0.00	5.00
Bookkeeping	1.00	1.00	1.00	1.00	1.00
Clerical	47.00	49.82	48.25	45.57	48.25
Messenger	0.00	1.00	1.00	1.00	1.00
Records Managing	3.00	3.00	3.00	3.00	3.00
Teaching Aide	105.49	117.29	98.75	98.36	114.46

Source: State Department of Education

(1) - Only information for last five fiscal years available from District records

Fairfield City School District, Ohio  
 Full-Time Equivalent District Employees by Type  
 Last Five Fiscal Years (1)  
 Schedule 17 (continued)

	Fiscal Year				
	2002	2003	2004	2005	2006
Support Services (continued)					
Telephone Operator	2.00	2.00	2.00	2.00	2.00
Other Office/Clerical	0.00	0.00	17.46	14.64	14.32
Electrician	1.00	1.00	1.00	1.00	1.00
Other Crafts and Trades	1.00	1.00	1.00	1.00	1.00
Vehicle Operator (other than busses)	6.45	7.39	7.60	8.00	7.94
Vehicle Operator (busses)	73.44	80.19	78.24	67.33	76.81
Custodian	82.69	88.32	80.94	77.94	82.94
Guard/Watchman	1.00	0.50	0.00	0.00	1.00
Monitoring	0.00	0.00	0.88	0.88	0.88
Groundskeeping	1.00	1.00	1.00	1.00	1.00
Attendent	1.00	0.00	0.00	0.00	0.00
Other Service Worker/Laborer	1.00	1.00	1.00	1.00	1.00
Total Support Services	<u>433.34</u>	<u>464.65</u>	<u>457.64</u>	<u>429.60</u>	<u>480.24</u>
Operation of Non-Instructional Services					
Food Service	<u>38.12</u>	<u>50.00</u>	<u>38.82</u>	<u>38.05</u>	<u>37.42</u>
Total Operation of Non-Instructional Services	<u>38.12</u>	<u>50.00</u>	<u>38.82</u>	<u>38.05</u>	<u>37.42</u>
Extracurricular Activities					
Athletic Trainer	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Extracurricular Activities	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Grand Total	<u>971.60</u>	<u>1,022.76</u>	<u>1,002.28</u>	<u>952.95</u>	<u>1,021.64</u>

Source: State Department of Education

(1) - Only information for last five fiscal years available from District records

Fairfield City School District, Ohio  
 Operating Statistics  
 Last Ten Fiscal Years  
 Schedule 18

Fiscal Year	Enrollment	Operating Expenditure (1)	Expenses (2)	Cost Per Pupil (3)	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Free or Reduced-Price Meals	Percentage of Students Receiving
1997	8,889	N/A	N/A	\$5,331	N/A	N/A	N/A	N/A	N/A
1998	8,961	N/A	N/A	5,585	4.76%	N/A	N/A	N/A	N/A
1999	8,946	\$48,435,057	N/A	5,957	6.66%	N/A	N/A	N/A	N/A
2000	9,108	52,539,540	N/A	6,304	5.83%	N/A	N/A	N/A	N/A
2001	8,973	57,246,940	N/A	6,859	8.80%	N/A	N/A	N/A	N/A
2002	9,169	59,276,620	N/A	6,895	0.52%	491	19	7.90%	
2003	9,239	67,628,865	\$71,522,760	7,584	9.99%	513	18	10.37%	
2004	9,467	73,944,104	79,554,326	7,842	3.40%	508	19	12.20%	
2005	9,575	72,642,977	77,525,541	7,662	(2.30%)	498	19	10.30%	
2006	9,820	77,541,990	79,828,943	8,313	8.50%	506	19	11.90%	

Source: District Records

(1) - Operating Expenditure is Total Expenditures minus Capital Outlay and Debt Service from Schedule 6

(2) - Expenses is Total Expenses from Schedule 2

(3) - From Ohio Department of Education

N/A - Information not available

Fairfield City School District, Ohio  
 School Building Information  
 Last Ten Fiscal Years  
 Schedule 19

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
School										
Elementary										
Central Elementary (1929)										
Square feet	76,643	76,643	76,643	76,643	76,643	76,643	76,643	76,643	76,643	76,643
Capacity	663	663	663	663	663	663	663	663	663	663
Enrollment	765	606	606	558	547	541	543	559	581	593
North Elementary (1956)										
Square feet	80,440	80,440	80,440	80,440	80,440	80,440	80,440	80,440	80,440	80,440
Capacity	666	666	666	666	666	666	666	666	666	666
Enrollment	1,039	404	433	471	528	570	554	547	585	620
West Elementary (1955)										
Square feet	77,081	77,081	77,081	77,081	77,081	77,081	77,081	77,081	77,081	77,081
Capacity	667	667	667	667	667	667	667	667	667	667
Enrollment	899	694	677	685	655	638	604	578	591	600
East Elementary (1996)										
Square feet	87,414	87,414	87,414	87,414	87,414	87,414	87,414	87,414	87,414	87,414
Capacity	756	756	756	756	756	756	756	756	756	756
Enrollment	N/A	499	477	468	460	460	587	618	616	637
Kindergarten Center (1977)										
Square feet	29,488	29,488	29,488	29,488	29,488	29,488	29,488	29,488	29,488	29,488
Capacity	472	472	472	472	472	472	472	472	472	472
Enrollment	366	342	314	331	333	367	358	386	350	413
Junior High School										
Intermediate Junior High (1978)										
Square feet	159,897	159,897	159,897	159,897	159,897	159,897	159,897	159,897	159,897	159,897
Capacity	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099
Enrollment	N/A	1,372	1,323	1,352	1,339	1,474	1,488	1,455	1,413	1,422
High School										
Freshman Building (1952)										
Square feet	93,064	93,064	93,064	93,064	93,064	93,064	93,064	93,064	93,064	93,064
Capacity	557	557	557	557	557	557	557	557	557	557
Enrollment	680	664	688	704	733	759	726	751	819	669
Fairfield High School (1996)										
Square feet	330,978	330,978	330,978	330,978	330,978	330,978	330,978	330,978	330,978	330,978
Capacity	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Enrollment	1,892	1,902	1,875	1,902	1,949	1,960	1,966	2,009	1,982	1,844

Source: District Records



**Mary Taylor, CPA**  
Auditor of State

**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 20, 2007**