



**Auditor of State
Betty Montgomery**

**FAIRFIELD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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**FAIRFIELD CITY SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$123,533		\$100,754
School Breakfast Program	05-PU 02/03	10.553	27,944		27,944	
National School Lunch Program	LL-P1/P4 02/03	10.555	320,893		320,893	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>348,837</u>	<u>123,533</u>	<u>348,837</u>	<u>100,754</u>
U.S. DEPARTMENT OF EDUCATION						
Fund for the Improvement of Education	S215F020316	84.215F	152,654		152,654	
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	6B-SF-02/03-P	84.027	638,476		730,608	
Special Education - Preschool Grant	PG-S1-03-P	84.173	<u>17,061</u>		<u>17,061</u>	
Total Special Education Cluster			<u>655,537</u>		<u>747,669</u>	
Title I, Part A, CSEA	C1-S1-02	84.010	49,360		67,207	
	C1-S1-03		<u>263,632</u>		<u>261,778</u>	
Total Title I, Part A, CSEA			312,992		328,985	
Emergency Immigration Act	E1-S1-02	84.126	0		2,900	
Drug Free Schools Grant	DR-S1-01	84.186	(1,280)		2,767	
	DR-S1-02		(10,027)		635	
	DR-S1-03		<u>15,655</u>		<u>16,661</u>	
Total Drug Free Schools Grant			<u>4,348</u>		<u>20,063</u>	
Innovative Education Program Strategies	C2-S1-01	84.298	0		388	
	C2-S1-02		(13,879)		10,784	
	C2-S1-03		<u>48,970</u>		<u>51,414</u>	
Total Innovative Education Program Strategies			35,091		62,586	
Eisenhower Professional Development Grant	MS-S1-01	84.281	(1,381)		9,208	
	MS-S1-02		<u>(2,313)</u>		<u>11,174</u>	
Total Eisenhower Professional Development Grant			<u>(3,694)</u>		<u>20,382</u>	
Advance Placement Program (Title I)	AV-S1-01/02	84.330	196		196	
Teacher Quality Enhancement Grants	QE-S1-02	84.336	9,252		6,287	
Class Size Reduction	CR-S1-02	84.340	13,594		31,838	
School Renovation Grants	AT-S1-02	84.352	(187)		2,169	
	AT-S2-02		42,108		42,108	
	AT-S3-02		23,238		23,238	
	AT-S4-02		<u>3,489</u>		<u>0</u>	
Total School Renovation Grants			<u>68,648</u>		<u>67,515</u>	
English Language Acquisition Grant (Title III)	T3-S1-03	84.365	12,501		9,363	
Improving Teacher Quality State Grant (Title II)	TR-S1-03	84.367	156,316		149,337	
Technology Literacy Challenge Fund Grant	TF-52-03	84.318	0		25,000	
	TJ-S1-03		<u>4,741</u>		<u>2,349</u>	
Total Technology Literacy Challenge Fund Grants			<u>4,741</u>		<u>27,349</u>	
Total Department of Education			<u>1,422,176</u>		<u>1,627,124</u>	
TOTAL FEDERAL ASSISTANCE			<u>\$1,771,013</u>	<u>\$123,533</u>	<u>\$1,975,961</u>	<u>\$100,754</u>

The accompanying notes to this schedule are an integral part of this schedule.

**FAIRFIELD CITY SCHOOL DISTRICT
BUTLER COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2003**

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes 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, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 2003, the District had food commodities in inventory.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE D -- TRANSFER OF TITLE I PART A CSEA FUNDS

During the audit period the District had \$13,957 of Title I, Part A CSEA of fiscal year 2002 (C1-S1-02) monies transferred to fiscal year 2003 (C1-S1-03). The accompanying schedule of federal awards expenditures has been modified to reflect this transfer.

NOTE E -- REFUND/TRANSFER OF DRUG FREE SCHOOL FUNDS

During the audit period the District refunded \$1,280 of DR-S1-01 funds to the Ohio Department of Education (ODE) due to the expiration of the period of availability. The District/ODE also transferred \$10,027 of DR-S1-02 funds to DR-S1-03 funds. The accompanying schedule of federal awards expenditures has been modified to reflect the refund and transfer.

NOTE E-- REFUND/TRANSFER OF EISENHOWER PROFESSIONAL DEVELOPMENT GRANT

During the audit period the District refunded \$1,381 of MS-S1-01 to the ODE due to the expiration of the period of availability. The District also transferred \$2,313 of MS-S1-02 to Improving Teacher Quality Grant, CFDA #84.367. The accompanying schedule of federal awards expenditures has been modified to reflect the refund and transfer.

NOTE F--TRANSFER OF INNOVATIVE EDUCATION PROGRAM STRATEGIES FUNDS

During the audit period the District transferred \$13,879 of C2-S1-02 to C2-S1-03. The accompanying schedule of federal awards expenditures has been modified to reflect the transfer.

NOTE G--REFUND OF SCHOOL RENOVATION GRANTS

During the audit period the District refunded \$187 of AT-S1-02, \$1,983 of AT-S2-02 and \$1,036 of AT-S1-03 to ODE due to the expiration of the period of availability. The accompanying schedule of federal awards expenditures has been modified to reflect the refunds.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Fairfield City School District
Butler County
211 Donald Drive
Fairfield, Ohio 45014

To the Board of Education:

We have audited the financial statements of Fairfield City School District, Butler County, Ohio (the District), as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated January 28, 2004, in which we noted the District adopted Governmental Accounting Standards Board Statements No. 34. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audit might occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we reported to management of the District in a separate letter dated January 28, 2004.

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

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

Betty Montgomery
Auditor of State

January 28, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CIRCULAR A-133

Fairfield City School District
Butler County
211 Donald Drive
Fairfield, Ohio 45014

To the Board of Education:

Compliance

We have audited the compliance of Fairfield City School District, Butler County, Ohio (the 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 fiscal year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2003.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated January 28, 2004, in which we noted the District adopted Governmental Accounting Standards Board Statements No. 34. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures 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 general purpose 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 for the information and use of the audit committee, management, the Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than the specified parties.



Betty Montgomery
Auditor of State

January 28, 2004

**FAIRFIELD CITY SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Special Education Grants to the States, CFDA# 84.027. Special Education – Preschool Grants, CFDA# 84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A - \$300,000 Type B- all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**FAIRFIELD CITY SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-10409-001	A reportable condition regarding the recording of fixed assets was issued.	No	Partially Corrected: The District has made considerable improvement in this area. Reissued as a management letter comment.

FAIRFIELD CITY SCHOOL DISTRICT
FAIRFIELD, OHIO

FAIRFIELD
CITY
SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**FAIRFIELD CITY SCHOOL DISTRICT
FAIRFIELD, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**PREPARED BY:
OFFICE OF THE TREASURER
SCOTT GOODING II, TREASURER**

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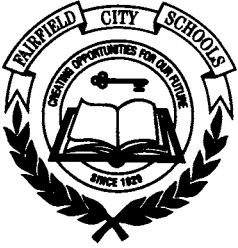
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**INTRODUCTORY
SECTION**

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Fairfield City Schools

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

Board of Education

VICKY L. BARGER
ANNE CRONE
MAURICE A. GODSEY
MICHAEL OLER
NANCY L. WENNING
J. SCOTT GOODING II
TREASURER

January 28, 2004

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Fairfield City School District (District) for the fiscal year ended June 30, 2003. This report, prepared by the Treasurer's office, includes an opinion from the Auditor of State and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report was prepared in conformance with generally accepted accounting principals as set forth by the Governmental Accounting Standards Board (GASB). This report will provide the taxpayers of the Fairfield City School District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the District's organization chart, the GFOA Certificate of Achievement and ASBO Certificate of Excellence the District received for the June 30, 2002 CAFR. Also included are the District's major current and future initiatives.

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

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



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

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

ECONOMIC CONDITION AND OUTLOOK

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

The continued growth within the Fairfield City School District is evidenced by the amount of new construction over the past seven years. For 2002, the District had \$9,732,960 in new construction.

THE DISTRICT AND ITS FACILITIES

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

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

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

During the 2002-2003 school year, the District served 9,239 students enrolled in 1 kindergarten center, 5 elementary schools, 1 intermediate school, 1 middle school, 1 freshman school and comprehensive 1 high school. This enrollment increased by 70 students from the 2001-2002 school year. The preliminary enrollment for the 2003-2004 school year is 9,414, an increase of 175 students.

ORGANIZATION OF THE SCHOOL DISTRICT

The Board of Education of the Lebanon 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, 2003, were as follows:

<u>Board Member</u>	<u>Term</u>	<u>Years on Board</u>
Mrs. Anne Crone	1/1/00 - 12/31/03	11 - 1/2
Mrs. Vicky Barger	1/1/00 - 12/31/03	3 - 1/2
Mr. Maurice Godsey	1/1/02 - 12/31/04	9 - 1/2
Mr. Michael Oler	1/1/02 - 12/31/04	13 - 1/2
Mrs. Nancy Wenning	8/15/02 - 12/31/03	1 - 1/2

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all educational and support operations. Dr. Robert Farrell was appointed as Superintendent on January 1, 2001. The Board has extended his contract through July 31, 2003. Dr. Farrell received a B.A. Degree from Notre Dame University, M.Ed. from Xavier University, and his Ed.D. from the University of Cincinnati.

The Treasurer is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets and investing idle funds as specified by Ohio Law. Mr. J. Scott Gooding II was appointed Treasurer on June 4, 2001. The Board has extended his contract through December 31, 2003. Mr. Gooding holds a B.S. Degree in Mathematics from Otterbein College and a M.Ed. in Education from Ashland University.

EMPLOYEE RELATIONS

The District has 1,083 full and part-time employees. This number has increased slightly over the past few years as various programs and services have been expanded to meet the changing needs of students and the community. There are two organizations representing the certificated and classified employees. The District's administrative employees are not currently represented.

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

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

MAJOR CURRENT AND FUTURE INITIATIVES

Interest Based Bargaining

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

Strategic Plan

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

Curriculum Initiatives

During the 2001-2002 school year, the district began the process of aligning curriculum to the newly adopted Math and Language Arts state standards. The Social Studies course of study was reviewed and revised, as scheduled, but only critical changes were made, knowing that new state standards would be approved in December of 2002. Globes and atlases were purchased to support classroom instruction and the District participated in the "Kids Vote" program for the first time.

A new ESL (English as a Second Language) services guide was written in addition to a new assessment chosen for Limited English Proficient students to receive services by the Board approved teachers and/or tutors. A Media Services Guide was also written and approved. This also was the impetus for a library automation process under the direction of the Curriculum Department.

The Physical Education Department completed their course of study for grades K-12. A representative group from grades 9-12 worked with the Secondary Curriculum Coordinator to apply for the National Fitness Grant. They were awarded the grant which brought \$458,361.36 into the District for fitness equipment. Three schools were chosen as sites for the program, the Middle School, Freshman School, and High School. The P.E. teachers were then trained on the equipment for student and staff use.

Curriculum materials to support the health course of study, adopted 9/20/01, were chosen, as well as math and language arts materials for the Special Education classes. The Science course of study adopted in the 2000-2001 school year was implemented K-12. This implementation required in service training for the teachers, per Fairfield Classroom Teachers' contract. One of the biggest changes was the study of biomes in grades K-4, which included a life science element involving the study of classroom animals which had to be ordered, delivered, and included in the in service. Thirteen different science texts were Board adopted to support the science program at the secondary level.

Literacy remains an important curriculum initiative. In the 2001-2002 school year, the D.I.B.E.L.S. (Dynamic Indicators of Basic Early Literacy Skills) program expanded from K-1 to K-2, with additional training for the elementary teachers. A new reading intervention program was adopted, "Early Success" and "Soar to Success" for use in the Title I reading programs. In addition, three of the elementary schools, South, Central, and West, were awarded Ohio Reads Grants. Two of the elementaries are using their grant to support the H.O.S.T.S. program (Helping One Student To Succeed) which is based on using community volunteers. The Curriculum Department offered literacy workshops for teachers after school in order to improve teacher quality in the teaching of reading and provided support and training for teachers interested in the Four Block model.

The largest initiative of the 2002-02 school year was implementing an "Effective Schools" model in one of the elementaries, Central. Our District was part of a consortium that used the technical assistance of Brazosport, Texas, who successfully implemented the model. This process uses a teaching and learning process which is data driven. Part of that process is the development of instructional calendars, which helps teachers to organize their time and subject objectives. Central Elementary developed the instructional calendars for mathematics, as well as implemented the entire "Effective Schools" model. Mathematics workshops were held after school to support the math program. Teachers also attended the Ohio Council of Teachers of Mathematics' regional conference and attended training in Math Solutions, a Marilyn Burns mathematics program. These experiences grew into the development of an Elementary Math Council, which is a grassroots movement to systemically improve the teaching of mathematics to be more problem-solving based.

The Secondary Curriculum Coordinator led several initiatives at the secondary level such as a report on the effectiveness of our block schedule, purchase of new algebra books, broad-based committee discussions on weighted grades and restructuring of the business department. Graduation requirements were also changed from 26 to 24 to be aligned with the state's recommendation.

Curriculum personnel provided leadership for an evaluation of the Transition program and a feasibility study of an all-day kindergarten in Fairfield. Teacher training was coordinated for the 8th grade teachers involved in teaching Life Skills. The annual review of the Core Literature list was also conducted. Technology was another curriculum initiative as teachers were mentored to pass the Novice test and Marco Polo training was provided to support classroom curriculum.

Summer initiatives involved expanding the summer school offerings K-6 and moving the elementary sessions from June to August. Summer teacher training was also coordinated as Fairfield continues to be a host site for SIRI (Summer Institute of Reading Intervention) as well as offer additional work with grade level groups or departments.

The Coordinators of Gifted Education continue the process of identification and notification as outlined by state law. They also work with teams and individual teachers to meet the needs of the gifted students. The Secondary Coordinator was instrumental in improving the process of identification and scheduling for students in grades 5-8. In addition, workshops were held on the topic of "Differentiating Instruction".

Permanent Improvement Levy

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

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

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

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

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

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

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the fund level. All purchase order requests must be approved by the individual program managers and certified by the Treasurer; necessary funds are then encumbered and purchase orders are released to vendors.

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

CASH MANAGEMENT

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently investing available cash in obligations collateralized by the United States Government, or the State of Ohio issued instruments or insured by the Federal Deposit Insurance Corporation [FDIC]. The total amount of earnings on investments was \$256,704 for the year ended June 30, 2003.

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

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

RISK MANAGEMENT

The District continues to protect its assets through a comprehensive insurance program. A schedule of insurance in force at June 30, 2003 is included in the Notes to the Basic Financial Statements.

INDEPENDENT AUDIT

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor's Office performed the audit for the fiscal year ended June 30, 2003. 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, 2002. 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.

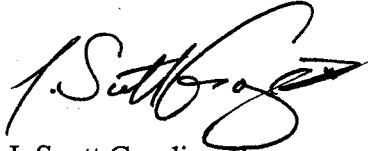
ASBO Certificate of Excellence

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence on Financial Reporting for the fiscal year ended June 30, 2002, to the District. The award certifies that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002, 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, 2003, will again conform to ASBO's principles and standards as well, and will be submitted to ASBO for review.

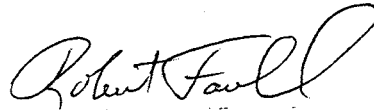
ACKNOWLEDGEMENTS

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

Respectfully Submitted,



J. Scott Gooding II
Treasurer/CFO



Dr. Robert Farrell
Superintendent

**FAIRFIELD CITY SCHOOL DISTRICT, OHIO
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2003**

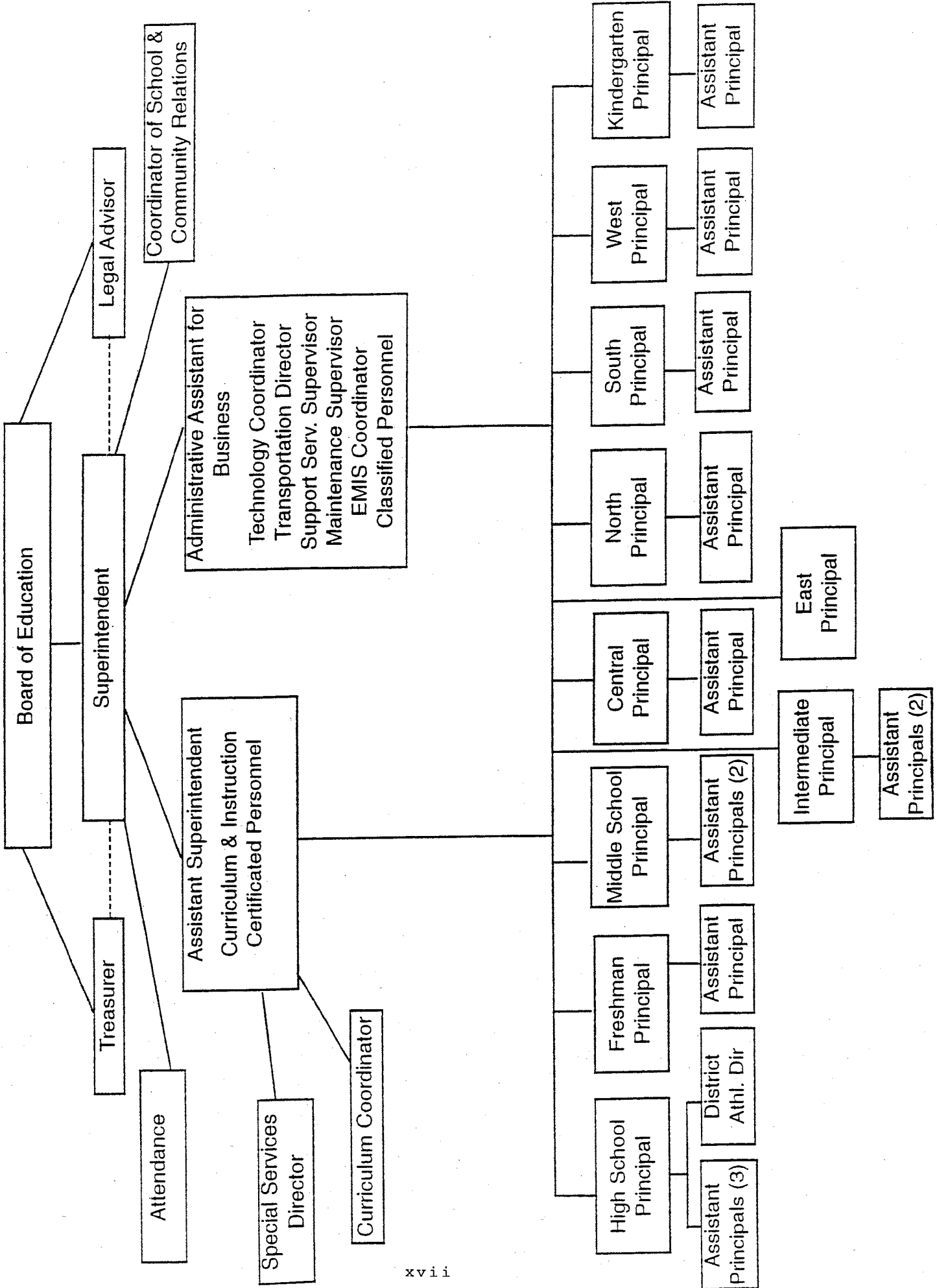
BOARD OF EDUCATION

President	Anne Crone
Vice President	Vicky L. Barger
Board Member	Maurice A. Godsey
Board Member	Michael Oler
Board Member	Nancy L. Wenning

ADMINISTRATIVE OFFICIALS

Superintendent	Dr. Robert Farrell
Treasurer/CFO	J. Scott Gooding II
Assistant Superintendent (Certificated Personnel)	Catherine Milligan
Administrative Assistant For Business (Classified Personnel)	Rob Amodio

Fairfield Administrative Staff



**FAIRFIELD CITY SCHOOL DISTRICT
FAIRFIELD, OHIO**



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, 2002

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



President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

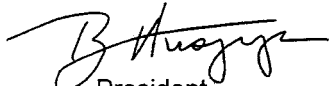


This Certificate of Excellence in Financial Reporting is presented to

FAIRFIELD CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2002

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


President


Executive Director

**FINANCIAL
SECTION**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Fairfield City School District
Butler County
211 Donald Drive
Fairfield, Ohio 45014-3095

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the major fund and the aggregate remaining fund information of Fairfield City School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, business type activities, the major fund, and the aggregate remaining fund information of Fairfield City School District, Butler County, Ohio, as of June 30, 2003 and, the respective changes in financial position and cash flow, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison for the General Fund are not a required part of the basic financial statements, but are supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

250 W. Court St. / Suite 150 E / Cincinnati, OH 45202
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



BETTY MONTGOMERY
Auditor of State

January 28, 2004

FAIRFIELD CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003
(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, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for 2003 are as follows:

- In total, net assets decreased \$3.2 million. Net assets of governmental activities decreased \$3.3 million which represents a 15.5% decrease from 2002. Net assets of business-type activities increased \$.01 million or 33.4% from 2002.
- General revenues accounted for \$63.8 million in revenue or 89.2% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7.8 million or 10.8% of total revenues of \$71.6 million.
- The District had \$71.5 million in expenses related to governmental activities; \$4.4 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$63.9 million were adequate to provide for these programs.
- As the major fund, the General Fund had \$60.5 million in revenues and \$63.6 million in expenditures. The General Fund's fund balance decreased from \$5.5 to \$2.3 million.

Overview of the Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2003?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service, uniform school supplies and latchkey are reported as business activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major fund begins on the balance sheet. Fund financial reports provide detailed information about the District's major fund. 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.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

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 2002 compared to 2003:

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2002	2003	2002	2003	2002	2003
Assets						
Current and Other Assets	\$49.78	\$49.62	\$0.69	\$0.71	\$50.47	\$50.33
Capital Assets	<u>65.10</u>	<u>63.55</u>	<u>0.01</u>	<u>0.02</u>	<u>65.11</u>	<u>63.57</u>
Total Assets	<u>114.88</u>	<u>113.17</u>	<u>0.70</u>	<u>0.73</u>	<u>115.58</u>	<u>113.90</u>
Liabilities						
Long-Term Liabilities	44.26	50.23	0.12	0.11	44.38	50.34
Other Liabilities	<u>49.31</u>	<u>44.93</u>	<u>0.26</u>	<u>0.19</u>	<u>49.57</u>	<u>45.12</u>
Total Liabilities	<u>93.57</u>	<u>95.16</u>	<u>0.38</u>	<u>0.30</u>	<u>93.95</u>	<u>95.46</u>
Net Assets						
Invested in Capital						
Assets Net of Debt	24.47	20.90	0.01	0.02	24.48	20.92
Restricted	2.62	2.44	0.00	0.00	2.62	2.44
Unrestricted	<u>(5.78)</u>	<u>(5.33)</u>	<u>0.31</u>	<u>0.41</u>	<u>(5.47)</u>	<u>(4.92)</u>
Total Net Assets	<u>\$21.31</u>	<u>\$18.01</u>	<u>\$0.32</u>	<u>\$0.43</u>	<u>\$21.63</u>	<u>\$18.44</u>

Total assets decreased \$1.69 million. Equity in pooled cash and cash equivalents decreased \$0.15 million. Taxes receivable increased \$2.07 million. Total liabilities increased \$1.50 million, resulting in a net asset decrease of \$3.19 million.

The net assets of the District business-type activities increased by \$0.11 million. Since the increase was slight, management has reviewed and, where feasible, increased fees. This action should ensure that business-type activities remain self-supporting.

Table 2 shows the changes in net assets at year-end. Since this is the first year the District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to the prior year are not available.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities <u>2003</u>	Business-Type Activities <u>2003</u>	Total <u>2003</u>
Revenues			
Program Revenues:			
Charges for Services	\$0.99	\$2.92	\$3.91
Operating Grants	3.00	0.49	3.49
Capital Grants	0.37	0.00	0.37
General Revenue:			
Property Taxes	34.37	0.00	34.37
Grants and Entitlements	28.19	0.00	28.19
Other	<u>1.30</u>	<u>0.00</u>	<u>1.30</u>
Total Revenues	<u>68.22</u>	<u>3.41</u>	<u>71.63</u>
Program Expenses:			
Instruction	41.50	0.00	41.50
Support Services:			
Pupil and Instructional Staff	7.26	0.00	7.26
General and School Administrative, Fiscal and Business	6.50	0.00	6.50
Operations and Maintenance	6.89	0.00	6.89
Pupil Transportation	4.41	0.00	4.41
Central	0.17	0.00	0.17
Community Services	0.79	0.00	0.79
Extracurricular Activities	1.73	0.00	1.73
Interest and Fiscal Charges	2.27	0.00	2.27
Food Service	0.00	2.19	2.19
Uniform School Supply	0.00	0.30	0.30
Customer Service	<u>0.00</u>	<u>0.81</u>	<u>0.81</u>
Total Expenses	<u>71.52</u>	<u>3.30</u>	<u>74.82</u>
Increase (decrease) in Net Assets	<u>(\$3.30)</u>	<u>\$0.11</u>	<u>(\$3.19)</u>

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 92% of the District's revenues for governmental activities.

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

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 50% of revenue for governmental activities for the District in fiscal year 2003.

Instruction comprises 58% of governmental program expenses. Support services expenses were 35% of governmental program expenses. All other expenses including interest expense were 7%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2002 have not been made since they are not available.

Table 3
Governmental Activities
(In Millions)

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Instruction	\$41.50	\$39.08
Support Services:		
Pupil and Instructional Staff	7.26	6.68
General and School Administrative, Fiscal and Business	6.50	6.31
Operations and Maintenance	6.89	6.76
Pupil Transportation	4.41	4.17
Central	0.17	0.17
Community Services	0.79	0.08
Extracurricular Activities	1.73	1.64
Interest and Fiscal Charges	<u>2.27</u>	<u>2.27</u>
Total Expenses	<u>\$71.52</u>	<u>\$67.16</u>

Business-Type Activities

Business-type activities, include the food service operation, the sale of uniform school supplies and latch key program. These programs had revenues of \$3.41 million and expenses of \$3.30 million for fiscal year 2003. Business activities receive no support from tax revenues.

The District's Funds

Information about the District's major funds is presented in the Fund Financial Statements (see Table of Contents). These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$70.38 million and expenditures and other financing uses of \$73.55 million. The net change (decrease) in fund balance for the year was \$3.17 million.

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 2003, the District amended its general fund budget numerous times, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$61.35 million, over original budget estimates of \$60.36 million. Of this \$0.99 million difference, most was due to overestimating taxes and interest revenue.

The District's ending unobligated cash balance was \$0.20 million below the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2003, the District had \$63.58 million invested in land, buildings and equipment. Table 4 shows fiscal 2003 balances compared to 2002:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Land and Improvements	\$3,803,351	\$3,803,351	\$0	\$0	\$3,803,351	\$3,803,351
Buildings and Improvements	55,357,279	56,083,114	0	0	55,357,279	56,083,114
Equipment	<u>4,392,236</u>	<u>5,218,446</u>	<u>24,079</u>	<u>11,664</u>	<u>4,416,315</u>	<u>5,230,110</u>
Total Net Assets	<u>\$63,552,866</u>	<u>\$65,104,911</u>	<u>\$24,079</u>	<u>\$11,664</u>	<u>\$63,576,945</u>	<u>\$65,116,575</u>

Debt

At June 30, 2003, the District had \$42,650,655 in bonds outstanding, \$1,855,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities <u>2003</u>	Governmental Activities <u>2002</u>
General Obligation Bonds:		
1994 School Improvement	\$3,300,000	\$3,400,000
1994 School Improvement	2,760,000	3,035,000
1997 Refund 1987 School Improvement Bonds	2,234,814	2,574,814
1997 Energy Conservation Bonds	1,610,000	1,965,000
2001 Refund 1994 School Improvement Bonds	<u>32,745,841</u>	<u>33,280,841</u>
Total Bonds	<u>\$42,650,655</u>	<u>\$44,255,655</u>

At June 30, 2003, the District's overall legal debt margin was \$74,830,536 with an unvoted debt margin of \$1,283,334.

For the Future

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

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

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

The District has committed itself to financial excellence for many years. The District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1993 and the GFOA Budget Award since 1993. This report represents the first report using this new financial reporting model.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact J. Scott Gooding II, Treasurer/CFO at Fairfield City School District, 211 Donald Drive, Fairfield, Ohio 45014. Or E-mail at gooding_s@fairfield-city.k12.oh.us.

Fairfield City School District, Ohio
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$11,598,956	\$595,645	\$12,194,601
Restricted Cash and Investments	203,843	0	203,843
Receivables:			
Taxes	37,319,023	0	37,319,023
Accounts	6,835	18,157	24,992
Interest	15,325	47	15,372
Intergovernmental	462,829	47,361	510,190
Inventory	0	43,927	43,927
Nondepreciable Capital Assets	3,803,351	0	3,803,351
Depreciable Capital Assets, Net	59,749,515	24,079	59,773,594
Total Assets	113,159,677	729,216	113,888,893
Liabilities:			
Accounts Payable	892,871	26,993	919,864
Accrued Wages and Benefits	7,142,893	135,046	7,277,939
Accrued Interest Payable	181,344	0	181,344
Deferred Revenue	36,356,956	22,798	36,379,754
Tax Anticipation Notes Payable	350,000	0	350,000
Long-Term Liabilities:			
Due Within One Year	2,484,502	3,028	2,487,530
Due In More Than One Year	47,742,549	110,243	47,852,792
Total Liabilities	95,151,115	298,108	95,449,223
Net Assets:			
Invested in Capital Assets, Net of Related Debt	20,902,211	24,079	20,926,290
Restricted for:			
Debt Service	1,897,748	0	1,897,748
Special Revenue	541,240	0	541,240
Unrestricted	(5,332,637)	407,029	(4,925,608)
Total Net Assets	\$18,008,562	\$431,108	\$18,439,670

See accompanying notes.

Fairfield City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$34,617,503	\$452,241	\$556,414	\$133,407
Special	5,349,757	193,100	636,447	0
Vocational	472,102	0	0	0
Other	1,063,987	0	450,471	0
Support Services:				
Pupil	3,416,375	125,167	280,015	0
Instructional Staff	3,841,480	765	173,989	0
General Administration	28,263	0	0	0
School Administration	4,973,469	0	147,116	0
Fiscal	1,168,919	0	0	0
Business	329,539	0	37,997	0
Operations and Maintenance	6,887,083	117,850	10,845	0
Pupil Transportation	4,409,121	61	0	237,947
Central	167,298	0	0	0
Community Services	786,815	0	705,959	0
Extracurricular Activities	1,730,593	100,394	0	0
Interest and Fiscal Charges	2,280,456	0	0	0
Total Governmental Activities	71,522,760	989,578	2,999,253	371,354
Business-Type Activities:				
Food Service	2,195,887	1,867,751	489,669	0
Uniform School Supply	302,507	279,087	0	0
Latchkey	805,490	768,361	0	0
Total Business-Type Activities	3,303,884	2,915,199	489,669	0
Totals	\$74,826,644	\$3,904,777	\$3,488,922	\$371,354

General Revenues:
Property Taxes Levied for:
General Purposes
Debt Service
Capital Projects
Grants and Entitlements not Restricted to Specific Programs
Payment in Lieu of Taxes
Unrestricted Contributions
Investment Earnings
Other Revenues

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year (restated)

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$33,475,441)	\$0	(\$33,475,441)
(4,520,210)	0	(4,520,210)
(472,102)	0	(472,102)
(613,516)	0	(613,516)
(3,011,193)	0	(3,011,193)
(3,666,726)	0	(3,666,726)
(28,263)	0	(28,263)
(4,826,353)	0	(4,826,353)
(1,168,919)	0	(1,168,919)
(291,542)	0	(291,542)
(6,758,388)	0	(6,758,388)
(4,171,113)	0	(4,171,113)
(167,298)	0	(167,298)
(80,856)	0	(80,856)
(1,630,199)	0	(1,630,199)
(2,280,456)	0	(2,280,456)
(67,162,575)	0	(67,162,575)
0	161,533	161,533
0	(23,420)	(23,420)
0	(37,129)	(37,129)
0	100,984	100,984
(\$67,162,575)	\$100,984	(\$67,061,591)
29,958,722	0	29,958,722
3,542,027	0	3,542,027
876,679	0	876,679
28,185,190	0	28,185,190
376,955	0	376,955
1,035	0	1,035
256,118	562	256,680
660,548	6,378	666,926
63,857,274	6,940	63,864,214
(3,305,301)	107,924	(3,197,377)
21,313,863	323,184	21,637,047
\$18,008,562	\$431,108	\$18,439,670

Fairfield City School District, Ohio
 Balance Sheet
 Governmental Funds
 June 30, 2003

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$8,658,905	\$1,981,092	\$958,959	\$11,598,956
Restricted Cash and Investments	203,843	0	0	203,843
Receivables:				
Taxes	32,313,800	3,400,158	1,605,065	37,319,023
Accounts	5,346	0	1,489	6,835
Interest	15,268	0	57	15,325
Intergovernmental	0	0	462,829	462,829
Interfund	123,924	0	0	123,924
Total Assets	41,321,086	5,381,250	3,028,399	49,730,735
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	548,161	0	344,710	892,871
Accrued Wages and Benefits	6,577,333	0	209,824	6,787,157
Compensated Absences	405,975	0	0	405,975
Interfund Payable	0	0	123,924	123,924
Deferred Revenue	31,468,779	3,302,158	1,654,645	36,425,582
Tax Anticipation Notes Payable	0	0	350,000	350,000
Total Liabilities	39,000,248	3,302,158	2,683,103	44,985,509
Fund Balances:				
Reserved for Encumbrances	338,875	0	117,640	456,515
Reserved for Property Tax Advances	845,021	98,000	19,047	962,068
Reserved for Set-Asides	203,843	0	0	203,843
Unreserved, Designated for General Fund	1,212,213	0	0	1,212,213
Unreserved, Undesignated, Reported in:				
General Fund	(279,114)	0	0	(279,114)
Special Revenue Funds	0	0	442,509	442,509
Debt Service Funds	0	1,981,092	0	1,981,092
Capital Projects Funds	0	0	(233,900)	(233,900)
Total Fund Balances	2,320,838	2,079,092	345,296	4,745,226
Total Liabilities and Fund Balances	\$41,321,086	\$5,381,250	\$3,028,399	\$49,730,735

See accompanying notes.

Fairfield City School District, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
June 30, 2003

Total Governmental Fund Balance	\$4,745,226
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.	63,552,866
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	68,626
In the statement of net assets, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.	(181,344)
Some liabilities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(7,331,535)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(42,845,277)</u>
Net Assets of Governmental Activities	<u>\$18,008,562</u>

See accompanying notes.

Fairfield City School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$29,958,722	\$3,147,062	\$790,894	\$33,896,678
Tuition and Fees	626,921	0	0	626,921
Investment Earnings	255,060	0	1,058	256,118
Intergovernmental	28,984,677	394,965	2,717,227	32,096,869
Extracurricular Activities	0	0	245,129	245,129
Other Revenues	694,597	0	348,151	1,042,748
Total Revenues	60,519,977	3,542,027	4,102,459	68,164,463
Expenditures:				
Current:				
Instruction:				
Regular	31,934,062	0	1,077,389	33,011,451
Special	4,547,392	0	719,258	5,266,650
Vocational	70,919	0	147,083	218,002
Other	1,063,987	0	0	1,063,987
Support Services:				
Pupil	2,759,958	0	581,941	3,341,899
Instructional Staff	3,610,007	0	197,821	3,807,828
General Administration	28,263	0	0	28,263
School Administration	4,779,212	0	148,227	4,927,439
Fiscal	1,104,419	44,025	9,732	1,158,176
Business	272,575	0	34,316	306,891
Operations and Maintenance	6,678,201	0	92,165	6,770,366
Pupil Transportation	5,001,284	0	1,585	5,002,869
Central	162,815	0	440	163,255
Community Services	7	0	825,409	825,416
Extracurricular Activities	1,465,018	0	271,355	1,736,373
Debt Service:				
Principal Retirement	115,414	1,605,000	0	1,720,414
Interest and Fiscal Charges	13,652	2,279,612	0	2,293,264
Total Expenditures	63,607,185	3,928,637	4,106,721	71,642,543
Excess of Revenues Over (Under) Expenditures	(3,087,208)	(386,610)	(4,262)	(3,478,080)
Other Financing Sources (Uses):				
Proceeds of Capital Leases	310,036	0	0	310,036
Proceeds from Sale of Fixed Assets	2,250	0	0	2,250
Transfers In	0	1,152,330	752,313	1,904,643
Transfers (Out)	(452,330)	(750,000)	(702,313)	(1,904,643)
Total Other Financing Sources (Uses)	(140,044)	402,330	50,000	312,286
Net Change in Fund Balance	(3,227,252)	15,720	45,738	(3,165,794)
Fund Balance Beginning of Year (Restated)	5,548,090	2,063,372	299,558	7,911,020
Fund Balance End of Year	\$2,320,838	\$2,079,092	\$345,296	\$4,745,226

See accompanying notes.

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, 2003

Net Change in Fund Balance - Total Governmental Funds	(\$3,165,794)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,552,045)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	50,746
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,720,414
In the statement of activities, interest is accrued, whereas in governmental funds, an interest expenditure is reported when due.	12,808
Some expenses reported in the statement of activities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(61,394)
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.	(310,036)
Change in Net Assets of Governmental Activities	<u><u>(\$3,305,301)</u></u>

See accompanying notes.

Fairfield City School District, Ohio
Statement of Net Assets
Proprietary Funds
June 30, 2003

	Business-Type Activities Enterprise Funds
Assets:	
Equity in Pooled Cash and Investments	\$595,645
Receivables:	
Accounts	18,157
Interest	47
Intergovernmental	47,361
Inventory	43,927
Total Current Assets	<u>705,137</u>
Depreciable Capital Assets, Net	<u>24,079</u>
Total Assets	<u>729,216</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	26,993
Accrued Wages and Benefits	135,046
Compensated Absences	3,028
Deferred Revenue	22,798
Total Current Liabilities	<u>187,865</u>
Long-Term Liabilities:	
Compensated Absences	<u>110,243</u>
Total Liabilities	<u>298,108</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	24,079
Unrestricted	407,029
Total Net Assets	<u>\$431,108</u>

See accompanying notes.

Fairfield City School District, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activities Enterprise Funds
Operating Revenues:	
Charges for Services	\$2,915,199
Other Revenues	6,378
Total Operating Revenues	<u>2,921,577</u>
Operating Expenses:	
Personal Services	1,670,071
Contactual Services	169,481
Materials and Supplies	1,455,136
Depreciation	8,559
Other Expenses	637
Total Operating Expenses	<u>3,303,884</u>
Operating Income (Loss)	<u>(382,307)</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	562
Donated Commodities	123,533
Operating Grants	366,136
Total Non-Operating Revenues (Expenses)	<u>490,231</u>
Change in Net Assets	107,924
Net Assets Beginning of Year	<u>323,184</u>
Net Assets End of Year	<u><u>\$431,108</u></u>

See accompanying notes.

Fairfield City School District, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activities Enterprise Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$2,926,604
Cash Payments to Employees	(1,747,998)
Cash Payments to Suppliers	(1,508,044)
Net Cash Provided (Used) by Operating Activities	(329,438)
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	360,730
Payments from Other Funds	112,426
Payments to Other Funds	(112,426)
Net Cash Provided (Used) by Noncapital Financing Activities	360,730
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(20,974)
Net Cash Provided (Used) by Capital and Related Financing Activities	(20,974)
Cash Flows from Investing Activities:	
Earnings on Investments	526
Net Cash Provided (Used) by Cash Flows from Investing Activities	526
Net Increase (Decrease) in Cash and Cash Equivalents	10,844
Cash and Cash Equivalents Beginning of Year	584,801
Cash and Cash Equivalents End of Year	595,645
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(382,307)
Adjustments:	
Depreciation	8,559
Donated Commodities	123,533
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	5,016
(Increase) Decrease in Inventory	(3,153)
Increase (Decrease) in Payables	(4,063)
Increase (Decrease) in Accrued Liabilities	(78,672)
Increase (Decrease) in Deferred Revenue	1,649
Net Cash Provided (Used) by Operating Activities	(\$329,438)

Schedule of Noncash Capital Activities:

During the fiscal year, the Food Service Fund received contributed food commodities valued at	\$123,533
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See accompanying notes.

Fairfield City School District, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Private Purpose Trust	Agency
	<u>Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Investments	\$3,788	\$92,422
Restricted Cash and Investments	0	21,471
Interest Receivable	2	0
	<u>3,790</u>	<u>\$113,893</u>
Total Assets		
Liabilities:		
Accounts Payable	0	1,535
Other Liabilities	0	112,358
	<u>0</u>	<u>\$113,893</u>
Total Liabilities		
Net Assets:		
Held in Trust for Scholarships	<u>3,790</u>	
Total Net Assets	<u>\$3,790</u>	

See accompanying notes.

Fairfield City School District, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2003

	Private Purpose Trust
Additions:	
Donations	\$100
Investment Earnings	24
Total Additions	<u>124</u>
Deductions:	
Scholarships	<u>130</u>
Total Deductions	<u>130</u>
Change in Net Assets	(6)
Net Assets Beginning of Year	<u>3,796</u>
Net Assets End of Year	<u><u>\$3,790</u></u>

See accompanying notes.

**FAIRFIELD CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2003**

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 456 non-certificated personnel and approximately 627 certificated full time teaching and administrative personnel to provide services to students and other community members.

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

The financial statements of the District have been prepared in conformity with generally accepted accounting principles [GAAP] as applied to governmental units. The Governmental Accounting Standards Board [GASB] is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

REPORTING ENTITY

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. For business-type activities and proprietary funds, the District has elected not to follow subsequent private-sector guidance. The most significant of the District's accounting policies are described below.

MEASUREMENT FOCUS

Government-wide Financial Statements

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and 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 business segment or 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.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

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, proprietary and fiduciary.

Governmental Funds

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

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

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

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds.

Enterprise Funds – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services.

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's only trust fund is a private purpose trust which accounts for scholarship programs for students.

3. 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. Proprietary and 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, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

CASH AND CASH EQUIVALENTS

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

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2003 amounted to \$256,704.

For purposes of the statement of cash flows, the Enterprise Funds' portion of pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from the enterprise funds without prior notice or penalty.

INVENTORY

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements inventories of enterprise funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

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

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

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

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

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

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. The related liability is recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The entire amount of compensated absences is reported as a fund liability in Proprietary Funds.

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

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

NET ASSETS

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

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

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service and uniform school supplies. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

INTERFUND ACTIVITY

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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.

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, 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.

CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2003, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund.

The government-wide financial statements split the District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the Enterprise Funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003.

RESTATEMENT OF FUND BALANCE

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2002	\$5,547,397	\$2,362,930	\$7,910,327
Fund Reclassification	<u>693</u>	<u>0</u>	<u>693</u>
Adjusted Fund Balances, June 30, 2002	<u>\$5,548,090</u>	<u>\$2,362,930</u>	\$7,911,020
Correction of Error			<u>3,205,891</u>
GASB 34 Adjustments:			
Capital Assets			61,899,020
Accrued Interest Payable			(194,152)
Compensated Absences Payable			(6,845,316)
Deferred Revenue			17,880
Accrued Wages and Benefits			(424,825)
Long Term Liabilities			<u>(44,255,655)</u>
Governmental Activities Net Assets, June 30, 2002			<u>\$21,313,863</u>

At June 30, 2002, fixed assets were restated in the Enterprise Funds due to a change in the Capital Assets. This restatement had the following effect on fund equity as it was previously reported:

<u>Enterprise Funds</u>	
Fund Equity June 30, 2002	\$431,373
Fixed Assets	<u>(108,189)</u>
Adjusted Net Assets, June 30, 2002	<u>\$323,184</u>

4. CASH AND CASH EQUIVALENTS

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

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

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

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

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

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

Deposits – At the year end, the carrying amount of the District's deposits was \$260,070. The bank balance of deposits was \$735,148 of which \$100,000 was covered by federal depository insurance. The remaining balance of \$635,148 was covered by 110% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

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

- | | |
|-------------------|---|
| <u>Category 1</u> | includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. |
| <u>Category 2</u> | includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. |

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

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

<u>Description</u>	<u>Category 2</u>	<u>Carrying Amount/ Fair Value</u>
Money Market*	\$0	\$14,463
U.S. Agencies	2,076,051	2,076,051
U.S Treasury Bonds	2,111,591	2,111,591
State Treasury Pool*	<u>0</u>	<u>8,053,950</u>
Total Investments	<u>\$4,187,642</u>	<u>\$12,256,055</u>

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

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

5. PROPERTY TAXES

Real property taxes collected in 2003 were levied after April 1, 2002 on the assessed values as of January 1, 2002, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year. The most recent re-evaluation was completed in January, 1998.

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

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2003. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2003 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, 2003, was \$845,021 for General Fund, \$98,000 for Debt Service and \$19,047 for Permanent Improvements, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2003 operations. The amount available for advance at June 30, 2002 was \$1,436,203 for General Fund, \$165,289 for Debt Service and \$33,846 for Permanent Improvements with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2002 operations.

The assessed value, by property classification, upon which taxes collected in 2003 were based as follows:

Tangible and Public Utility Personal	\$126,164,197
Real Estate	<u>1,157,170,240</u>
Total Assessed Property Value	<u>\$1,283,334,437</u>

6. RECEIVABLES

Receivables at June 30, 2003, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
IDEA Part B	\$164,739
PEP Grant	162,346
Title II-D	2,667
Title I	26,488
Title II-A	40,800
Title V	27,448
Title IV-A	31,502
Title III	<u>6,839</u>
Total Governmental Activities	462,829
Business-Type Activities	
Food Service	<u>47,361</u>
Grand Total	<u>\$510,190</u>

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Government Activities				
<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	66,037,428	0	0	66,037,428
Equipment	<u>20,023,744</u>	<u>1,190,905</u>	<u>39,099</u>	<u>21,175,550</u>
Total Capital Assets, being depreciated	<u>86,061,172</u>	<u>1,190,905</u>	<u>39,099</u>	<u>87,212,978</u>
Totals at Historical Cost	<u>\$89,864,523</u>	<u>\$1,190,905</u>	<u>\$39,099</u>	<u>\$91,016,329</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$9,954,314	\$725,835	\$0	\$10,680,149
Equipment	<u>14,805,298</u>	<u>2,017,115</u>	<u>39,099</u>	<u>16,783,314</u>
Total Accumulated Depreciation	<u>\$24,759,612</u>	<u>\$2,742,950</u>	<u>\$39,099</u>	<u>\$27,463,463</u>
Governmental Activities Capital Assets, Net	<u>\$65,104,911</u>	<u>(\$1,552,045)</u>	<u>\$0</u>	<u>\$63,552,866</u>
Business-Type Activities				
Equipment	<u>\$1,160,767</u>	<u>\$20,974</u>	<u>\$0</u>	<u>\$1,181,741</u>
Total at Historical Cost	<u>\$1,160,767</u>	<u>\$20,974</u>	<u>\$0</u>	<u>\$1,181,741</u>
Less Accumulated Depreciation:				
Equipment	<u>\$1,149,103</u>	<u>\$8,559</u>	<u>\$0</u>	<u>\$1,157,662</u>
Total at Historical Cost	<u>\$1,149,103</u>	<u>\$8,559</u>	<u>\$0</u>	<u>\$1,157,662</u>
Business-Type Activities Capital Assets, Net	<u>\$11,664</u>	<u>\$12,415</u>	<u>\$0</u>	<u>\$24,079</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$2,076,487
Special	94,055
Vocational	254,217
Support Services:	
Pupil	2,864
Instructional Staff	12,736
School Administration	40,256
Fiscal	3,938
Business	17,852
Operations and Maintenance	20,596
Pupil Transportation	165,778
Central	3,381
Community Services	<u>50,790</u>
Total Depreciation Expense	<u>\$2,742,950</u>

8. LEGAL DEBT MARGIN

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

The effects of these debt limitations at June 30, 2003, are a voted debt margin of \$74,830,536 and an unvoted debt margin of \$1,283,334.

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

9. NOTES PAYABLE

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance July 1</u>	<u>Issued (Retired)</u>	<u>Balance June 30</u>
Tax Anticipation	2.71%	10/26/01	10/24/02	\$750,000	(\$750,000)	\$0
Tax Anticipation	2.54%	10/26/02	10/24/03	0	350,000	350,000

The note is shown as a liability on the fund financial statements in the fund which received the proceeds.

10. LONG-TERM LIABILITIES

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

	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued (Retired)</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental Activities:					
Bonds:					
1994 School Improvement I	7.3157	\$3,400,000	(100,000)	3,300,000	\$100,000
1994 School Improvement II	6.2490	3,035,000	(275,000)	2,760,000	480,000
1997 Refunding	6.5702	2,574,814	(340,000)	2,234,814	360,000
1997 Energy Conservation	5.2270	1,965,000	(355,000)	1,610,000	370,000
2001 School Improvement Refunding	4.8600	<u>33,280,841</u>	<u>(535,000)</u>	<u>32,745,841</u>	<u>545,000</u>
Total Bonds		44,255,655	(1,605,000)	42,650,655	1,855,000
Capital Lease		0	194,622	194,622	104,237
Compensated Absences		<u>6,845,316</u>	<u>536,458</u>	<u>7,381,774</u>	<u>525,265</u>
Total Governmental Activities		<u>\$51,100,971</u>	<u>(\$873,920)</u>	<u>\$50,227,051</u>	<u>\$2,484,502</u>
Business-Type Activities:					
Compensated Absences		\$119,471	(\$6,200)	\$113,271	\$3,028

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

BONDED DEBT

<u>Fiscal Year Ending June 30</u>	<u>Bond Principal</u>	<u>Bond Interest</u>	<u>Total</u>
2004	\$1,855,000	\$2,176,125	\$4,031,125
2005	2,015,000	2,079,657	4,094,657
2006	2,195,000	1,971,912	4,166,912
2007	2,495,000	1,851,588	4,346,588
2008	2,210,000	1,740,974	3,950,974
2009-2013	8,322,555	11,675,015	19,997,570
2014-2018	12,373,100	7,002,119	19,375,219
2019-2021	<u>11,185,000</u>	<u>931,622</u>	<u>12,116,622</u>
TOTAL	<u>\$42,650,655</u>	<u>\$29,429,012</u>	<u>\$72,079,667</u>

11. 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, 2003, \$34.365 million of bonds outstanding are considered defeased.

12. CAPITAL LEASES

The District has entered into a capital lease for June 30, 2003 for exercise and fitness equipment.

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

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

Fiscal Year <u>Ending June 30,</u>	Long-Term <u>Debt</u>
2004	\$110,628
2005	<u>92,190</u>
Total Minimum Lease Payments	202,818
Less: Amount Representing Interest	<u>(8,196)</u>
Present Value of Minimum Lease Payments	<u>\$194,622</u>

13. 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 9% 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. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17% of annual covered salary was the portion being used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$1,516,788, \$1,418,832, and \$1,326,354 respectively; 47.7% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001.

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, 2003, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. 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, 2003, 2002, and 2001 were \$4,401,696, \$4,274,784, and \$4,034,592 respectively; 82.6% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001.

14. POST EMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$1,414,831 during the 2003 fiscal year. As of July 1, 2002, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000.

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

For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83% of covered payroll, a decrease of 2.71% from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge rate added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$925,241 during the 2003 fiscal year. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2002, net health care costs paid by SERS were \$182,946,777.

15. 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, 2003.

LITIGATION

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

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

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

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

17. STATE SCHOOL FUNDING DECISION

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

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

18. JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Computer Association

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

Butler Technology and Career Development Schools

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

19. COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit in fund balance:

Special Revenue Funds:	
Title VI B Pre-school	\$2,839
Title I	36,719
Capital Projects Fund:	
Permanent Improvement	201,609

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.

State statute requires all funds to have expenditures and encumbrances within approved appropriation limits. The following appropriation accounts had an excess of expenditures plus encumbrances over appropriations for the fiscal year ended June 30, 2003, at the legal level of control.

Special Revenue Fund:	
Title II	\$1,381

20. 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, 2003, 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, 2002	(\$804,406)	\$ 0	\$203,843
Current Year set-aside Requirements	1,216,061	1,216,061	0
Current Year Offsets	0	0	0
Qualifying Disbursements	<u>(1,063,386)</u>	<u>(1,682,715)</u>	<u>0</u>
Total	<u>(\$651,731)</u>	<u>(\$466,654)</u>	<u>\$203,843</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$651,731)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Set-aside Reserve Balance as of June 30, 2003	<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, 2003, the Board had not acted on the Senate Bill requirements to eliminate the reserve balance. In the General Fund, the \$1,212,213 portion of the non-BWC (Bureau of Workers' Compensation) monies was designated for set-aside. The District is still required by State law to maintain the textbook reserve and the capital acquisition reserve.

21. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2003, consisted of the following individual fund receivables and payables:

Interfund Receivables/Payables:	Interfund Loan <u>Receivable</u>	Interfund Loan <u>Payable</u>
General Fund	\$123,924	
Special Revenue Fund:		
Extracurricular Student Activities		\$2,301
School Security		3,945
Title VIB Pre-School		32,144
Title III		4,956
Title I		22,590
Title VI		20,882
Drug-Free Schools		26,031
Classroom Size Reduction		10,840
Miscellaneous Federal		235
	<u>\$123,924</u>	<u>\$123,924</u>

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Fairfield City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$30,187,969	\$31,082,084	\$30,580,325	(\$501,759)
Tuition and Fees	628,695	345,172	636,866	291,694
Interest	236,715	678,346	239,792	(438,554)
Intergovernmental	28,612,794	28,532,264	28,984,677	452,413
Other Revenues	695,323	709,512	704,360	(5,152)
Total Revenues	60,361,496	61,347,378	61,146,020	(201,358)
Expenditures:				
Current:				
Instruction:				
Regular	31,067,213	31,709,832	31,709,832	0
Special	4,410,101	4,501,323	4,501,323	0
Vocational	68,713	70,134	70,134	0
Other	1,043,186	1,064,764	1,064,764	0
Support Services:				
Pupil	2,635,769	2,690,289	2,690,289	0
Instructional Staff	4,005,199	4,088,046	4,088,046	0
General Administration	27,690	28,263	28,263	0
School Administration	4,702,853	4,800,131	4,800,131	0
Fiscal	1,122,780	1,146,005	1,146,005	0
Business	269,565	275,141	275,141	0
Operations and Maintenance	6,531,626	6,666,731	6,666,731	0
Pupil Transportation	4,977,024	5,079,973	5,079,973	0
Central	161,393	164,731	164,731	0
Community Services	7	7	7	0
Extracurricular Activities	1,119,255	1,142,407	1,142,407	0
Debt Service:				
Principal Retirement	115,414	115,414	115,414	0
Interest and Fiscal Charges	11,036	13,652	13,652	0
Total Expenditures	62,268,824	63,556,843	63,556,843	0
Excess of Revenues Over (Under) Expenditures	(1,907,328)	(2,209,465)	(2,410,823)	(201,358)
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	2,221	0	2,250	2,250
Advances In	4,264	4,319	4,319	0
Advances (Out)	(121,411)	(123,922)	(123,922)	0
Transfers (Out)	(443,163)	(452,330)	(452,330)	0
Total Other Financing Sources (Uses)	(558,089)	(571,933)	(569,683)	2,250
Net Change in Fund Balance	(2,465,417)	(2,781,398)	(2,980,506)	(199,108)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,265,643	11,265,643	11,265,643	0
Fund Balance End of Year	\$8,800,226	\$8,484,245	\$8,285,137	(\$199,108)

See accompanying notes to required supplementary information.

FAIRFIELD CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2003

1. BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2003.

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.

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	(\$3,227,252)
Net Adjustment for Revenue Accruals	630,362
Net Adjustment for Expenditure Accruals	180,342
Encumbrances	<u>(563,958)</u>
Budget Basis	<u><u>(\$2,980,506)</u></u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

Fairfield City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$742,116	\$216,843	\$958,959
Receivables:			
Taxes	0	1,605,065	1,605,065
Accounts	1,489	0	1,489
Interest	57	0	57
Intergovernmental	462,829	0	462,829
Total Assets	1,206,491	1,821,908	3,028,399
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	258,411	86,299	344,710
Accrued Wages and Benefits	209,824	0	209,824
Interfund Payable	123,924	0	123,924
Deferred Revenue	68,627	1,586,018	1,654,645
Tax Anticipation Notes Payable	0	350,000	350,000
Total Liabilities	660,786	2,022,317	2,683,103
Fund Balances:			
Reserved for Encumbrances	103,196	14,444	117,640
Reserved for Property Tax Advances	0	19,047	19,047
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	442,509	0	442,509
Capital Projects Funds	0	(233,900)	(233,900)
Total Fund Balances	545,705	(200,409)	345,296
Total Liabilities and Fund Balances	\$1,206,491	\$1,821,908	\$3,028,399

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, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$0	\$790,894	\$790,894
Investment Earnings	1,058	0	1,058
Intergovernmental	2,498,036	219,191	2,717,227
Extracurricular Activities	245,129	0	245,129
Other Revenues	348,151	0	348,151
Total Revenues	3,092,374	1,010,085	4,102,459
Expenditures:			
Current:			
Instruction:			
Regular	721,447	355,942	1,077,389
Special	665,530	53,728	719,258
Vocational	0	147,083	147,083
Support Services:			
Pupil	581,941	0	581,941
Instructional Staff	197,821	0	197,821
School Administration	139,872	8,355	148,227
Fiscal	0	9,732	9,732
Business	34,208	108	34,316
Operations and Maintenance	89,737	2,428	92,165
Pupil Transportation	320	1,265	1,585
Central	0	440	440
Community Services	825,409	0	825,409
Extracurricular Activities	271,355	0	271,355
Total Expenditures	3,527,640	579,081	4,106,721
Excess of Revenues Over (Under) Expenditures	(435,266)	431,004	(4,262)
Other Financing Sources (Uses):			
Transfers In	2,313	750,000	752,313
Transfers (Out)	(2,313)	(700,000)	(702,313)
Total Other Financing Sources (Uses)	0	50,000	50,000
Net Change in Fund Balance	(435,266)	481,004	45,738
Fund Balance Beginning of Year (Restated)	980,971	(681,413)	299,558
Fund Balance End of Year	\$545,705	(\$200,409)	\$345,296

Fairfield City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	Public School Support	Spring Recognition	Extracurricular Student Activities	Auxiliary Services	Staff Development
Assets:					
Equity in Pooled Cash and Investments	\$172,853	\$72,390	\$146,214	\$109,983	\$352
Receivables:					
Accounts	1,132	0	357	0	0
Interest	0	0	0	57	0
Intergovernmental	0	0	0	0	0
Total Assets	173,985	72,390	146,571	110,040	352
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	6,279	7,023	1,458	48,999	0
Accrued Wages and Benefits	0	0	0	35,710	0
Interfund Payable	0	0	2,301	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	6,279	7,023	3,759	84,709	0
Fund Balances:					
Reserved for Encumbrances	2,284	1,890	230	19,548	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	165,422	63,477	142,582	5,783	352
Total Fund Balances	167,706	65,367	142,812	25,331	352
Total Liabilities and Fund Balances	\$173,985	\$72,390	\$146,571	\$110,040	\$352

Management Information	Public School Pre-School	Entry Year Grant	SchoolNet OneNet	SchoolNet Professional Development	Ohio Reads	School Security
\$0	\$0	\$0	\$33,127	\$4,438	\$10,412	\$9,807
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	33,127	4,438	10,412	9,807
0	0	0	33,127	0	0	2,285
0	0	0	0	0	0	0
0	0	0	0	0	0	3,945
0	0	0	0	0	0	0
0	0	0	33,127	0	0	6,230
0	0	0	0	1,687	10,394	3,184
0	0	0	0	2,751	18	393
0	0	0	0	4,438	10,412	3,577
\$0	\$0	\$0	\$33,127	\$4,438	\$10,412	\$9,807

(continued)

Fairfield City School District, Ohio
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2003

	Title II	Title VI B Pre-School	Title III	Title I	Title VI
Assets:					
Equity in Pooled Cash and Investments	\$0	\$13,523	\$8,098	\$24,443	\$18,437
Receivables:					
Accounts	0	0	0	0	0
Interest	0	0	0	0	0
Intergovernmental	0	164,739	6,839	26,488	27,448
Total Assets	0	178,262	14,937	50,931	45,885
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	8,107	5,431	1,950	11,990
Accrued Wages and Benefits	0	82,703	0	63,110	5,928
Interfund Payable	0	32,144	4,956	22,590	20,882
Deferred Revenue	0	58,147	151	0	0
Total Liabilities	0	181,101	10,538	87,650	38,800
Fund Balances:					
Reserved for Encumbrances	0	5,415	2,667	6,201	6,254
Unreserved, Undesignated, Reported in: Special Revenue Funds	0	(8,254)	1,732	(42,920)	831
Total Fund Balances	0	(2,839)	4,399	(36,719)	7,085
Total Liabilities and Fund Balances	\$0	\$178,262	\$14,937	\$50,931	\$45,885

Emergency Immigrant Education	Drug Free Schools	Pre-School Disabilities	Telecom Act	Ohio LPDC Action Research/ Common Denominator	Classroom Size Reduction	Miscellaneous Federal
\$0	\$25,024	\$0	\$69,080	\$0	\$17,819	\$6,116
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	31,502	0	0	0	40,800	165,013
0	56,526	0	69,080	0	58,619	171,129
0	10,081	0	0	0	6,386	115,295
0	0	0	0	0	22,373	0
0	26,031	0	0	0	10,840	235
0	7,637	0	0	0	0	2,692
0	43,749	0	0	0	39,599	118,222
0	14,944	0	14,551	0	10,165	3,782
0	(2,167)	0	54,529	0	8,855	49,125
0	12,777	0	69,080	0	19,020	52,907
\$0	\$56,526	\$0	\$69,080	\$0	\$58,619	\$171,129

(continued)

Fairfield City School District, Ohio
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2003

	Total Nonmajor Special Revenue Funds
Assets:	
Equity in Pooled Cash and Investments	\$742,116
Receivables:	
Accounts	1,489
Interest	57
Intergovernmental	462,829
Total Assets	<u>1,206,491</u>
Liabilities and Fund Balances:	
Liabilities:	
Accounts Payable	258,411
Accrued Wages and Benefits	209,824
Interfund Payable	123,924
Deferred Revenue	68,627
Total Liabilities	<u>660,786</u>
Fund Balances:	
Reserved for Encumbrances	103,196
Unreserved, Undesignated, Reported in: Special Revenue Funds	442,509
Total Fund Balances	<u>545,705</u>
Total Liabilities and Fund Balances	<u>\$1,206,491</u>

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Fairfield City School District, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003

	Public School Support	Spring Recognition	Extracurricular Student Activities	Auxiliary Services	Staff Development
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$1,058	\$0
Intergovernmental	0	3,425	0	615,249	0
Extracurricular Activities	45,823	0	199,306	0	0
Other Revenues	257,792	46,445	43,914	0	0
Total Revenues	303,615	49,870	243,220	616,307	0
Expenditures:					
Current:					
Instruction:					
Regular	0	26,332	0	0	0
Special	0	0	0	0	0
Support Services:					
Pupil	298,359	0	0	0	0
Instructional Staff	0	6,819	0	0	2,229
School Administration	0	0	0	0	0
Business	0	0	0	0	0
Operations and Maintenance	776	0	0	0	0
Pupil Transportation	146	0	0	0	0
Community Services	0	0	0	791,894	235
Extracurricular Activities	0	0	271,355	0	0
Total Expenditures	299,281	33,151	271,355	791,894	2,464
Excess of Revenues Over (Under) Expenditures	4,334	16,719	(28,135)	(175,587)	(2,464)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	4,334	16,719	(28,135)	(175,587)	(2,464)
Fund Balance Beginning of Year (Restated)	163,372	48,648	170,947	200,918	2,816
Fund Balance End of Year	\$167,706	\$65,367	\$142,812	\$25,331	\$352

Management Information	Public School Pre-School	Entry Year Grant	SchoolNet OneNet	SchoolNet Professional Development	Ohio Reads	School Security
\$0	\$0	\$0	\$0	\$0	\$0	\$0
34,208	0	0	31,500	4,597	98,000	25,500
0	0	0	0	0	0	0
0	0	0	0	0	0	0
34,208	0	0	31,500	4,597	98,000	25,500
0	0	0	66,500	3,947	104,897	400
0	0	0	0	0	0	30,702
0	0	0	0	0	0	3,696
0	0	0	0	0	0	0
0	0	0	0	0	0	0
34,208	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
34,208	0	0	66,500	3,947	104,897	34,798
0	0	0	(35,000)	650	(6,897)	(9,298)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	(35,000)	650	(6,897)	(9,298)
0	0	0	35,000	3,788	17,309	12,875
\$0	\$0	\$0	\$0	\$4,438	\$10,412	\$3,577

(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, 2003

	Title II	Title VI B Pre-School	Title III	Title I	Title VI
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	689,568	19,193	276,163	62,429
Extracurricular Activities	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	0	689,568	19,193	276,163	62,429
Expenditures:					
Current:					
Instruction:					
Regular	8,870	0	13,488	0	0
Special	0	244,272	0	317,723	67,703
Support Services:					
Pupil	0	258,226	0	0	0
Instructional Staff	11,009	75,450	1,306	23,066	0
School Administration	0	139,872	0	0	0
Business	0	0	0	0	0
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Community Services	1,759	25,020	0	0	4,402
Extracurricular Activities	0	0	0	0	0
Total Expenditures	21,638	742,840	14,794	340,789	72,105
Excess of Revenues Over (Under) Expenditures	(21,638)	(53,272)	4,399	(64,626)	(9,676)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers (Out)	(2,313)	0	0	0	0
Total Other Financing Sources (Uses)	(2,313)	0	0	0	0
Net Change in Fund Balance	(23,951)	(53,272)	4,399	(64,626)	(9,676)
Fund Balance Beginning of Year (Restated)	23,951	50,433	0	27,907	16,761
Fund Balance End of Year	\$0	(\$2,839)	\$4,399	(\$36,719)	\$7,085

Emergency Immigrant Education	Drug Free Schools	Pre-School Disabilities	Telecom Act	Ohio LPDC Action Research/ Common Denominator	Classroom Size Reduction	Miscellaneous Federal
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	28,213	17,061	9,764	0	194,803	388,363
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	28,213	17,061	9,764	0	194,803	388,363
0	6,308	0	0	0	133,837	356,868
0	0	0	0	5,130	0	0
0	4,599	17,061	0	0	0	0
2,900	18,252	0	0	0	53,015	3,775
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	88,961	0	0	0
0	174	0	0	0	0	0
0	810	0	0	0	1,289	0
0	0	0	0	0	0	0
2,900	30,143	17,061	88,961	5,130	188,141	360,643
(2,900)	(1,930)	0	(79,197)	(5,130)	6,662	27,720
0	0	0	0	0	2,313	0
0	0	0	0	0	0	0
0	0	0	0	0	2,313	0
(2,900)	(1,930)	0	(79,197)	(5,130)	8,975	27,720
2,900	14,707	0	148,277	5,130	10,045	25,187
\$0	\$12,777	\$0	\$69,080	\$0	\$19,020	\$52,907

(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, 2003

	Total Nonmajor Special Revenue Funds
Revenues:	
Investment Earnings	\$1,058
Intergovernmental	2,498,036
Extracurricular Activities	245,129
Other Revenues	348,151
	<hr/>
Total Revenues	3,092,374
	<hr/>
Expenditures:	
Current:	
Instruction:	
Regular	721,447
Special	665,530
Support Services:	
Pupil	581,941
Instructional Staff	197,821
School Administration	139,872
Business	34,208
Operations and Maintenance	89,737
Pupil Transportation	320
Community Services	825,409
Extracurricular Activities	271,355
	<hr/>
Total Expenditures	3,527,640
	<hr/>
Excess of Revenues Over (Under) Expenditures	(435,266)
	<hr/>
Other Financing Sources (Uses):	
Transfers In	2,313
Transfers (Out)	(2,313)
	<hr/>
Total Other Financing Sources (Uses)	0
	<hr/>
Net Change in Fund Balance	(435,266)
	<hr/>
Fund Balance Beginning of Year (Restated)	980,971
	<hr/>
Fund Balance End of Year	\$545,705
	<hr/> <hr/>

Fairfield City School District, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2003

	Permanent Improvement	Building	SchoolNet	Interactive Video Distance Learning	Total Nonmajor Capital Projects Funds
Assets:					
Equity in Pooled Cash and Investments	\$215,643	\$0	\$0	\$1,200	\$216,843
Receivables:					
Taxes	1,605,065	0	0	0	1,605,065
Total Assets	1,820,708	0	0	1,200	1,821,908
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	86,299	0	0	0	86,299
Deferred Revenue	1,586,018	0	0	0	1,586,018
Tax Anticipation Notes Payable	350,000	0	0	0	350,000
Total Liabilities	2,022,317	0	0	0	2,022,317
Fund Balances:					
Reserved for Encumbrances	13,244	0	0	1,200	14,444
Reserved for Property Tax Advances	19,047	0	0	0	19,047
Unreserved, Undesignated, Reported in: Capital Projects Funds	(233,900)	0	0	0	(233,900)
Total Fund Balances	(201,609)	0	0	1,200	(200,409)
Total Liabilities and Fund Balances	\$1,820,708	\$0	\$0	\$1,200	\$1,821,908

Fairfield City School District, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2003

	Permanent Improvement	Building	SchoolNet	Interactive Video Distance Learning	Total Nonmajor Capital Projects Funds
Revenues:					
Taxes	\$790,894	\$0	\$0	\$0	\$790,894
Intergovernmental	85,785	0	132,206	1,200	219,191
Total Revenues	876,679	0	132,206	1,200	1,010,085
Expenditures:					
Current:					
Instruction:					
Regular	211,902	11,834	132,206	0	355,942
Special	53,182	546	0	0	53,728
Vocational	145,589	1,494	0	0	147,083
Support Services:					
School Administration	8,270	85	0	0	8,355
Fiscal	9,728	4	0	0	9,732
Business	107	1	0	0	108
Operations and Maintenance	2,403	25	0	0	2,428
Pupil Transportation	1,252	13	0	0	1,265
Central	436	4	0	0	440
Total Expenditures	432,869	14,006	132,206	0	579,081
Excess of Revenues Over (Under) Expenditures	443,810	(14,006)	0	1,200	431,004
Other Financing Sources (Uses):					
Transfers In	750,000	0	0	0	750,000
Transfers (Out)	(700,000)	0	0	0	(700,000)
Total Other Financing Sources (Uses)	50,000	0	0	0	50,000
Net Change in Fund Balance	493,810	(14,006)	0	1,200	481,004
Fund Balance Beginning of Year (Restated)	(695,419)	14,006	0	0	(681,413)
Fund Balance End of Year	(\$201,609)	\$0	\$0	\$1,200	(\$200,409)

Fairfield City School District, Ohio
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2003

	Food Service	Uniform School Supply	Latchkey	Total
Assets:				
Equity in Pooled Cash and Investments	\$114,694	\$168,309	\$312,642	\$595,645
Receivables:				
Accounts	7,436	4,343	6,378	18,157
Interest	47	0	0	47
Intergovernmental	47,361	0	0	47,361
Inventory	43,927	0	0	43,927
Total Current Assets	213,465	172,652	319,020	705,137
Depreciable Capital Assets, Net	24,079	0	0	24,079
Total Assets	237,544	172,652	319,020	729,216
Liabilities:				
Current Liabilities:				
Accounts Payable	4,342	11,087	11,564	26,993
Accrued Wages and Benefits	53,174	0	81,872	135,046
Compensated Absences	3,028	0	0	3,028
Deferred Revenue	22,798	0	0	22,798
Total Current Liabilities	83,342	11,087	93,436	187,865
Long-Term Liabilities:				
Compensated Absences	80,671	0	29,572	110,243
Total Liabilities	164,013	11,087	123,008	298,108
Net Assets:				
Invested in Capital Assets, Net of Related Debt	24,079	0	0	24,079
Unrestricted	49,452	161,565	196,012	407,029
Total Net Assets	\$73,531	\$161,565	\$196,012	\$431,108

Fairfield City School District, Ohio
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2003

	Food Service	Uniform School Supply	Latchkey	Total
Operating Revenues:				
Charges for Services	\$1,867,751	\$279,087	\$768,361	\$2,915,199
Other Revenues	0	0	6,378	6,378
Total Operating Revenues	1,867,751	279,087	774,739	2,921,577
Operating Expenses:				
Personal Services	1,057,611	0	612,460	1,670,071
Contactual Services	48,232	0	121,249	169,481
Materials and Supplies	1,081,485	302,507	71,144	1,455,136
Depreciation	8,559	0	0	8,559
Other Expenses	0	0	637	637
Total Operating Expenses	2,195,887	302,507	805,490	3,303,884
Operating Income (Loss)	(328,136)	(23,420)	(30,751)	(382,307)
Non-Operating Revenues (Expenses):				
Investment Earnings	562	0	0	562
Donated Commodities	123,533	0	0	123,533
Operating Grants	366,136	0	0	366,136
Total Non-Operating Revenues (Expenses)	490,231	0	0	490,231
Change in Net Assets	162,095	(23,420)	(30,751)	107,924
Net Assets Beginning of Year	(88,564)	184,985	226,763	323,184
Net Assets End of Year	\$73,531	\$161,565	\$196,012	\$431,108

Fairfield City School District, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2003

	Food Service	Uniform School Supply	Latchkey	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	\$1,873,436	\$283,118	\$770,050	\$2,926,604
Cash Payments to Employees	(1,139,448)	0	(608,550)	(1,747,998)
Cash Payments to Suppliers	(1,004,258)	(305,579)	(198,207)	(1,508,044)
Net Cash Provided (Used) by Operating Activities	(270,270)	(22,461)	(36,707)	(329,438)
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	360,730	0	0	360,730
Payments from Other Funds	0	0	112,426	112,426
Payments to Other Funds	0	0	(112,426)	(112,426)
Net Cash Provided (Used) by Noncapital Financing Activities	360,730	0	0	360,730
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(20,974)	0	0	(20,974)
Net Cash Provided (Used) by Capital and Related Financing Activities	(20,974)	0	0	(20,974)
Cash Flows from Investing Activities:				
Earnings on Investments	526	0	0	526
Net Cash Provided (Used) by Cash Flows from Investing Activities	526	0	0	526
Net Increase (Decrease) in Cash and Cash Equivalents	70,012	(22,461)	(36,707)	10,844
Cash and Cash Equivalents Beginning of Year	44,682	190,770	349,349	584,801
Cash and Cash Equivalents End of Year	114,694	168,309	312,642	595,645
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(328,136)	(23,420)	(30,751)	(382,307)
Adjustments:				
Depreciation	8,559	0	0	8,559
Donated Commodities	123,533	0	0	123,533
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	5,674	4,031	(4,689)	5,016
(Increase) Decrease in Inventory	(3,153)	0	0	(3,153)
Increase (Decrease) in Payables	4,186	(3,072)	(5,177)	(4,063)
Increase (Decrease) in Accrued Liabilities	(82,582)	0	3,910	(78,672)
Increase (Decrease) in Deferred Revenue	1,649	0	0	1,649
Net Cash Provided (Used) by Operating Activities	(\$270,270)	(\$22,461)	(\$36,707)	(\$329,438)
Schedule of Noncash Capital Activities:				
During the fiscal year, the Food Service Fund received contributed food commodities valued at	\$123,533			

Fairfield City School District, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2003

	Unclaimed Monies			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Restricted Cash and Investments	\$10,852	\$10,619	\$0	\$21,471
Total Assets	\$10,852	\$10,619	\$0	\$21,471
Liabilities:				
Other Liabilities	\$10,852	\$10,619	\$0	\$21,471
Total Liabilities	\$10,852	\$10,619	\$0	\$21,471

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$130,621	\$1,535	\$39,734	\$92,422
Receivables:				
Accounts	1,150	0	1,150	0
Total Assets	\$131,771	\$1,535	\$40,884	\$92,422
Liabilities:				
Accounts Payable	\$15,070	\$1,535	\$15,070	\$1,535
Other Liabilities	116,701	0	25,814	90,887
Total Liabilities	\$131,771	\$1,535	\$40,884	\$92,422

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$130,621	\$1,535	\$39,734	\$92,422
Restricted Cash and Investments	10,852	10,619	0	21,471
Receivables:				
Accounts	1,150	0	1,150	0
Total Assets	\$142,623	\$12,154	\$40,884	\$113,893
Liabilities:				
Accounts Payable	\$15,070	\$1,535	\$15,070	\$1,535
Other Liabilities	127,553	10,619	25,814	112,358
Total Liabilities	\$142,623	\$12,154	\$40,884	\$113,893

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, 2003

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$39,748	\$51,190	\$45,761	(\$5,429)
Other Revenues	224,256	255,965	258,183	2,218
Total Revenues	264,004	307,155	303,944	(3,211)
Expenditures:				
Current:				
Support Services:				
Pupil	332,164	370,125	308,809	61,316
Operations and Maintenance	836	2,064	777	1,287
Pupil Transportation	157	5,000	146	4,854
Total Expenditures	333,157	377,189	309,732	67,457
Net Change in Fund Balance	(69,153)	(70,034)	(5,788)	64,246
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	170,763	170,763	170,763	0
Fund Balance End of Year	\$101,610	\$100,729	\$164,975	\$64,246

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, 2003

	Spring Recognition Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$8,021	\$3,425	\$3,425	\$0
Other Revenues	108,767	60,444	46,445	(13,999)
Total Revenues	<u>116,788</u>	<u>63,869</u>	<u>49,870</u>	<u>(13,999)</u>
Expenditures:				
Current:				
Instruction:				
Regular	52,631	103,531	44,995	58,536
Support Services:				
Instructional Staff	7,980	8,686	6,822	1,864
Total Expenditures	<u>60,611</u>	<u>112,217</u>	<u>51,817</u>	<u>60,400</u>
Net Change in Fund Balance	56,177	(48,348)	(1,947)	46,401
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>65,537</u>	<u>65,537</u>	<u>65,537</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$121,714</u></u>	<u><u>\$17,189</u></u>	<u><u>\$63,590</u></u>	<u><u>\$46,401</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, 2003

	Extracurricular Student Activities Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$185,289	\$218,088	\$199,129	(\$18,959)
Other Revenues	40,862	44,608	43,914	(694)
Total Revenues	226,151	262,696	243,043	(19,653)
Expenditures:				
Current:				
Extracurricular Activities	249,156	292,216	278,845	13,371
Total Expenditures	249,156	292,216	278,845	13,371
Excess of Revenues Over (Under) Expenditures	(23,005)	(29,520)	(35,802)	(6,282)
Other financing sources (uses):				
Advances In	2,141	2,301	2,301	0
Transfers In	24,565	26,400	26,400	0
Transfers (Out)	(23,589)	(26,400)	(26,400)	0
Total Other Financing Sources (Uses)	3,117	2,301	2,301	0
Net Change in Fund Balance	(19,888)	(27,219)	(33,501)	(6,282)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	179,283	179,283	179,283	0
Fund Balance End of Year	\$159,395	\$152,064	\$145,782	(\$6,282)

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, 2003

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Interest	\$844	\$1,058	\$1,001	(\$57)
Intergovernmental	518,514	615,249	615,249	0
Total Revenues	519,358	616,307	616,250	(57)
Expenditures:				
Current:				
Community Services	246,978	880,087	838,596	41,491
Total Expenditures	246,978	880,087	838,596	41,491
Excess of Revenues Over (Under) Expenditures	272,380	(263,780)	(222,346)	41,434
Other financing sources (uses):				
Transfers In	57,079	67,728	67,728	0
Transfers (Out)	(19,947)	(67,728)	(67,728)	0
Total Other Financing Sources (Uses)	37,132	0	0	0
Net Change in Fund Balance	309,512	(263,780)	(222,346)	41,434
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	263,780	263,780	263,780	0
Fund Balance End of Year	\$573,292	\$0	\$41,434	\$41,434

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, 2003

	Staff Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,699	\$0	\$0	\$0
Total Revenues	3,699	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	0	1	0	1
Support Services:				
Instructional Staff	2,890	2,918	2,567	351
Community Services	265	235	235	0
Total Expenditures	3,155	3,154	2,802	352
Net Change in Fund Balance	544	(3,154)	(2,802)	352
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,155	3,155	3,155	0
Fund Balance End of Year	\$3,699	\$1	\$353	\$352

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, 2003

	Management Information Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$33,455	\$34,208	\$34,208	\$0
Total Revenues	33,455	34,208	34,208	0
Expenditures:				
Current:				
Support Services:				
Business	0	34,208	34,208	0
Total Expenditures	0	34,208	34,208	0
Net Change in Fund Balance	33,455	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$33,455	\$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, 2003

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

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, 2003

	Entry Year Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$12,800	\$0	\$0	\$0
Total Revenues	12,800	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	12,800	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$12,800	\$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, 2003

	SchoolNet OneNet Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$35,000	\$31,500	\$31,500	\$0
Total Revenues	35,000	31,500	31,500	0
Expenditures:				
Current:				
Instruction:				
Regular	35,000	66,500	66,500	0
Total Expenditures	35,000	66,500	66,500	0
Net Change in Fund Balance	0	(35,000)	(35,000)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	35,000	35,000	35,000	0
Fund Balance End of Year	\$35,000	\$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, 2003

	SchoolNet Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$5,142	\$8,050	\$8,047	(\$3)
Total Revenues	5,142	8,050	8,047	(3)
Expenditures:				
Current:				
Instruction:				
Regular	338	8,050	5,633	2,417
Total Expenditures	338	8,050	5,633	2,417
Net Change in Fund Balance	4,804	0	2,414	2,414
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$4,804	\$0	\$2,414	\$2,414

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, 2003

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$102,000	\$98,000	\$98,000	\$0
Total Revenues	102,000	98,000	98,000	0
Expenditures:				
Current:				
Instruction:				
Regular	113,259	121,251	121,241	10
Net Change in Fund Balance	(11,259)	(23,251)	(23,241)	10
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	23,259	23,259	23,259	0
Fund Balance End of Year	\$12,000	\$8	\$18	\$10

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, 2003

	School Security Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$35,482	\$25,500	\$25,500	\$0
Total Revenues	35,482	25,500	25,500	0
Expenditures:				
Current:				
Instruction:				
Regular	1,032	2,634	2,478	156
Special	14,619	35,333	35,095	238
Support Services:				
Pupil	1,540	3,696	3,696	0
Total Expenditures	17,191	41,663	41,269	394
Excess of Revenues Over (Under) Expenditures	18,291	(16,163)	(15,769)	394
Other financing sources (uses):				
Advances In	5,489	0	3,945	3,945
Transfers In	1,579	1,135	1,135	0
Transfers (Out)	(473)	(1,135)	(1,135)	0
Total Other Financing Sources (Uses)	6,595	0	3,945	3,945
Net Change in Fund Balance	24,886	(16,163)	(11,824)	4,339
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	16,163	16,163	16,163	0
Fund Balance End of Year	\$41,049	\$0	\$4,339	\$4,339

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, 2003

	Title II Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$37,430	\$0	\$0	\$0
Intergovernmental	0	414	0	(414)
Total Revenues	37,430	414	0	(414)
Expenditures:				
Current:				
Instruction:				
Regular	10,376	8,995	10,376	(1,381)
Support Services:				
Instructional Staff	9,629	9,629	9,629	0
Community Services	1,758	1,758	1,758	0
Total Expenditures	21,763	20,382	21,763	(1,381)
Excess of Revenues Over (Under) Expenditures	15,667	(19,968)	(21,763)	(1,795)
Other financing sources (uses):				
Transfers (Out)	(2,313)	(2,313)	(2,313)	0
Total Other Financing Sources (Uses)	(2,313)	(2,313)	(2,313)	0
Net Change in Fund Balance	13,354	(22,281)	(24,076)	(1,795)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	24,076	24,076	24,076	0
Fund Balance End of Year	\$37,430	\$1,795	\$0	(\$1,795)

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, 2003

	Title VI B Pre-School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$486,137	\$803,216	\$638,476	(\$164,740)
Total Revenues	486,137	803,216	638,476	(164,740)
Expenditures:				
Current:				
Instruction:				
Special	41,718	279,265	243,347	35,918
Support Services:				
Pupil	42,021	297,758	245,115	52,643
Instructional Staff	15,322	103,284	89,375	13,909
School Administration	24,342	167,425	141,990	25,435
Pupil Transportation	0	1,000	0	1,000
Community Services	4,166	27,993	24,302	3,691
Total Expenditures	127,569	876,725	744,129	132,596
Excess of Revenues Over (Under) Expenditures	358,568	(73,509)	(105,653)	(32,144)
Other financing sources (uses):				
Advances In	24,475	0	32,144	32,144
Total Other Financing Sources (Uses)	24,475	0	32,144	32,144
Net Change in Fund Balance	383,043	(73,509)	(73,509)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	73,510	73,510	73,510	0
Fund Balance End of Year	\$456,553	\$1	\$1	\$0

Fairfield City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Title III Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$19,344	\$12,505	(\$6,839)
Total Revenues	0	19,344	12,505	(6,839)
Expenditures:				
Current:				
Instruction:				
Regular	0	15,390	14,687	703
Support Services:				
Instructional Staff	0	3,954	2,773	1,181
Total Expenditures	0	19,344	17,460	1,884
Excess of Revenues Over (Under) Expenditures	0	0	(4,955)	(4,955)
Other financing sources (uses):				
Advances In	0	0	4,955	4,955
Total Other Financing Sources (Uses)	0	0	4,955	4,955
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Fairfield City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$311,007	\$345,103	\$312,991	(\$32,112)
Total Revenues	311,007	345,103	312,991	(32,112)
Expenditures:				
Current:				
Instruction:				
Regular	70,314	304,157	304,157	0
Support Services:				
Instructional Staff	7,624	53,171	32,978	20,193
Total Expenditures	77,938	357,328	337,135	20,193
Excess of Revenues Over (Under) Expenditures	233,069	(12,225)	(24,144)	(11,919)
Other financing sources (uses):				
Advances In	22,447	0	22,590	22,590
Transfers In	13,869	13,957	13,957	0
Transfers (Out)	(3,227)	(13,957)	(13,957)	0
Total Other Financing Sources (Uses)	33,089	0	22,590	22,590
Net Change in Fund Balance	266,158	(12,225)	(1,554)	10,671
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,847	17,847	17,847	0
Fund Balance End of Year	\$284,005	\$5,622	\$16,293	\$10,671

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, 2003

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$27,091	\$68,160	\$34,981	(\$33,179)
Total Revenues	27,091	68,160	34,981	(33,179)
Expenditures:				
Current:				
Instruction:				
Special	24,353	74,945	74,929	16
Community Services	1,918	12,644	5,900	6,744
Total Expenditures	26,271	87,589	80,829	6,760
Excess of Revenues Over (Under) Expenditures	820	(19,429)	(45,848)	(26,419)
Other financing sources (uses):				
Advances In	16,172	0	20,882	20,882
Transfers In	10,748	13,879	13,879	0
Transfers (Out)	(4,511)	(13,879)	(13,879)	0
Total Other Financing Sources (Uses)	22,409	0	20,882	20,882
Net Change in Fund Balance	23,229	(19,429)	(24,966)	(5,537)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	25,161	25,161	25,161	0
Fund Balance End of Year	\$48,390	\$5,732	\$195	(\$5,537)

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, 2003

	Emergency Immigrant Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,900	\$0	\$0	\$0
Total Revenues	2,900	0	0	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	2,900	2,900	2,900	0
Total Expenditures	2,900	2,900	2,900	0
Net Change in Fund Balance	0	(2,900)	(2,900)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,900	2,900	2,900	0
Fund Balance End of Year	\$2,900	\$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, 2003

	Drug Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$3,619	\$41,713	\$4,348	(\$37,365)
Total Revenues	3,619	41,713	4,348	(37,365)
Expenditures:				
Current:				
Instruction:				
Regular	2,808	7,629	7,522	107
Support Services:				
Pupil	4,298	13,400	11,514	1,886
Instructional Staff	8,564	23,048	22,945	103
Pupil Transportation	261	870	700	170
Community Services	898	5,611	2,406	3,205
Total Expenditures	16,829	50,558	45,087	5,471
Excess of Revenues Over (Under) Expenditures	(13,210)	(8,845)	(40,739)	(31,894)
Other financing sources (uses):				
Advances In	21,669	0	26,031	26,031
Transfers In	8,347	10,027	10,027	0
Transfers (Out)	(3,743)	(10,027)	(10,027)	0
Total Other Financing Sources (Uses)	26,273	0	26,031	26,031
Net Change in Fund Balance	13,063	(8,845)	(14,708)	(5,863)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,708	14,708	14,708	0
Fund Balance End of Year	\$27,771	\$5,863	\$0	(\$5,863)

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, 2003

	Pre-School Disabilities Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$17,015	\$17,061	\$17,061	\$0
Total Revenues	17,015	17,061	17,061	0
Expenditures:				
Current:				
Support Services:				
Pupil	0	17,061	17,061	0
Total Expenditures	0	17,061	17,061	0
Net Change in Fund Balance	17,015	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	<u>\$17,015</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Fairfield City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Telecom Act Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$44,766	\$9,764	\$9,764	\$0
Total Revenues	44,766	9,764	9,764	0
Expenditures:				
Current:				
Support Services:				
Operations and Maintenance	103,511	158,041	103,511	54,530
Total Expenditures	103,511	158,041	103,511	54,530
Net Change in Fund Balance	(58,745)	(148,277)	(93,747)	54,530
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	148,277	148,277	148,277	0
Fund Balance End of Year	\$89,532	\$0	\$54,530	\$54,530

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, 2003

	Ohio LPDC Action Research/ Common Denominator Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$15,070	\$9,252	\$9,252	\$0
Total Revenues	15,070	9,252	9,252	0
Expenditures:				
Current:				
Instruction:				
Special	3,727	6,287	6,287	0
Total Expenditures	3,727	6,287	6,287	0
Excess of Revenues Over (Under) Expenditures	11,343	2,965	2,965	0
Other financing sources (uses):				
Advances (Out)	(2,560)	(4,319)	(4,319)	0
Total Other Financing Sources (Uses)	(2,560)	(4,319)	(4,319)	0
Net Change in Fund Balance	8,783	(1,354)	(1,354)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,354	1,354	1,354	0
Fund Balance End of Year	\$10,137	\$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, 2003

	Classroom Size Reduction Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$101,276	\$208,614	\$167,597	(\$41,017)
Total Revenues	101,276	208,614	167,597	(41,017)
Expenditures:				
Current:				
Instruction:				
Regular	21,635	146,739	133,302	13,437
Support Services:				
Instructional Staff	10,254	79,193	63,180	16,013
Community Services	209	3,068	1,289	1,779
Total Expenditures	32,098	229,000	197,771	31,229
Excess of Revenues Over (Under) Expenditures	69,178	(20,386)	(30,174)	(9,788)
Other financing sources (uses):				
Advances In	6,550	0	10,840	10,840
Transfers In	1,398	2,313	2,313	0
Total Other Financing Sources (Uses)	7,948	2,313	13,153	10,840
Net Change in Fund Balance	77,126	(18,073)	(17,021)	1,052
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,288	18,288	18,288	0
Fund Balance End of Year	\$95,414	\$215	\$1,267	\$1,052

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, 2003

	Miscellaneous Federal Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$252,095	\$394,261	\$226,042	(\$168,219)
Total Revenues	252,095	394,261	226,042	(168,219)
Expenditures:				
Current:				
Instruction:				
Regular	26,916	411,003	248,657	162,346
Support Services:				
Instructional Staff	440	7,408	4,068	3,340
Total Expenditures	27,356	418,411	252,725	165,686
Excess of Revenues Over (Under) Expenditures	224,739	(24,150)	(26,683)	(2,533)
Other financing sources (uses):				
Advances In	261	0	234	234
Total Other Financing Sources (Uses)	261	0	234	234
Net Change in Fund Balance	225,000	(24,150)	(26,449)	(2,299)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	27,356	27,356	27,356	0
Fund Balance End of Year	\$252,356	\$3,206	\$907	(\$2,299)

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, 2003

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,581,731	\$3,170,214	\$3,216,624	\$46,410
Intergovernmental	439,796	378,136	394,965	16,829
Total Revenues	4,021,527	3,548,350	3,611,589	63,239
Expenditures:				
Current:				
Support Services:				
Fiscal	44,201	45,500	44,025	1,475
Debt Service:				
Principal Retirement	2,355,000	2,355,000	2,355,000	0
Interest and Fiscal Charges	2,298,143	2,296,844	2,279,612	17,232
Total Expenditures	4,697,344	4,697,344	4,678,637	18,707
Excess of Revenues Over (Under) Expenditures	(675,817)	(1,148,994)	(1,067,048)	81,946
Other financing sources (uses):				
Proceeds of Bonds and Notes	389,727	350,000	350,000	0
Transfers In	893,400	819,830	802,330	(17,500)
Total Other Financing Sources (Uses)	1,283,127	1,169,830	1,152,330	(17,500)
Net Change in Fund Balance	607,310	20,836	85,282	64,446
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,895,809	1,895,809	1,895,809	0
Fund Balance End of Year	\$2,503,119	\$1,916,645	\$1,981,091	\$64,446

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, 2003

	Permanent Improvement Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$812,301	\$816,776	\$806,832	(\$9,944)
Intergovernmental	86,367	81,893	85,785	3,892
Total Revenues	898,668	898,669	892,617	(6,052)
Expenditures:				
Current:				
Instruction:				
Regular	10,918	20,000	10,787	9,213
Support Services:				
Fiscal	9,404	10,000	9,291	709
Capital Outlay	402,917	501,169	398,072	103,097
Total Expenditures	423,239	531,169	418,150	113,019
Excess of Revenues Over (Under) Expenditures	475,429	367,500	474,467	106,967
Other financing sources (uses):				
Transfers (Out)	(354,260)	(367,500)	(350,000)	17,500
Total Other Financing Sources (Uses)	(354,260)	(367,500)	(350,000)	17,500
Net Change in Fund Balance	121,169	0	124,467	124,467
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	55,019	55,019	55,019	0
Fund Balance End of Year	\$176,188	\$55,019	\$179,486	\$124,467

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, 2003

	Building Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	9,740	9,740	9,740	0
Capital Outlay	4,266	4,266	4,266	0
Total Expenditures	14,006	14,006	14,006	0
Net Change in Fund Balance	(14,006)	(14,006)	(14,006)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,006	14,006	14,006	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Fairfield City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	SchoolNet Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,757	\$132,206	\$132,206	\$0
Total Revenues	1,757	132,206	132,206	0
Expenditures:				
Current:				
Instruction:				
Regular	0	132,206	132,206	0
Total Expenditures	0	132,206	132,206	0
Net Change in Fund Balance	1,757	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$1,757	\$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, 2003

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

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**STATISTICAL
SECTION**

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

Fiscal Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Taxes	\$20,768,810	\$22,094,979	\$23,542,917	\$22,895,211	\$25,229,666	\$31,006,930	\$23,168,178	\$29,709,781	\$26,113,194	\$29,958,722
Intergovernmental	14,487,867	14,951,411	16,364,239	16,983,693	18,942,933	20,681,845	22,128,234	24,505,849	27,391,512	28,984,677
Investment Revenue	214,250	324,655	519,371	479,262	662,016	702,000	832,157	956,177	464,507	255,060
Tuition and Fees	48,417	116,082	71,359	137,403	58,257	470,788	556,470	634,581	330,711	626,921
Other Revenues	306,594	471,649	219,631	647,532	592,798	645,958	914,976	1,162,824	889,109	694,597
Total Revenues	\$35,825,938	\$37,958,776	\$40,717,517	\$41,143,101	\$45,485,670	\$53,507,521	\$47,600,015	\$56,969,212	\$55,189,033	\$60,519,977

Source: Fairfield City School District

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

Fiscal Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Instruction	\$21,492,151	\$21,839,774	\$23,041,650	\$25,346,258	\$24,849,129	\$25,987,542	\$29,300,058	\$32,246,734	\$33,912,841	\$37,616,360
Instructional Staff	891,109	718,280	732,289	929,303	2,757,639	2,842,175	2,725,177	3,117,836	3,401,400	3,610,007
Pupil	1,624,730	1,836,672	2,082,312	2,167,146	2,021,150	2,022,078	2,226,160	2,373,845	2,367,578	2,759,958
General Administration	0	0	0	0	0	20,420	26,607	34,753	16,742	28,263
School Administration	2,236,569	3,103,254	3,283,159	3,488,841	4,195,284	4,581,810	3,852,058	4,373,301	4,276,626	4,779,212
Business and Fiscal	1,032,262	1,225,512	881,229	1,136,256	866,706	1,039,629	1,138,690	1,235,698	1,329,854	1,376,994
Operations and Maintenance	3,626,775	3,640,465	4,016,899	3,842,578	5,011,132	5,271,078	5,711,425	6,236,374	6,113,978	6,678,201
Pupil Transportation	2,265,577	2,153,483	3,042,276	2,750,733	3,037,532	2,805,811	3,253,094	3,758,817	3,783,856	5,001,284
Central	0	0	0	0	0	40,956	151,210	129,012	152,437	162,815
Community Services	44,260	61,788	263,539	98,951	75,678	0	0	0	0	7
↳ Extracurricular Activities	493,239	557,794	634,167	681,623	914,973	972,824	1,038,782	1,136,225	1,174,693	1,465,018
○ Capital Outlay	0	0	0	0	0	114,123	163,202	0	0	0
Debt Service	1,794,692	1,841,335	1,564,912	427,994	798,728	114,431	143,580	0	0	129,066
Total Expenditures	\$35,501,364	\$36,978,357	\$39,542,432	\$40,869,683	\$44,527,951	\$45,812,877	\$49,730,043	\$54,642,595	\$56,530,005	\$63,607,185

Source: Fairfield City School District

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

Collection Year	Tax Levied	Current Tax Collections	Percent Collected	Delinquent Collection	Total Tax Collections	Percent of Total Collections to Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Tax Levied
1993	\$21,562,471	\$20,792,198	96.43%	\$623,188	\$21,415,386	99.32%	\$817,448	3.79%
1994	22,037,399	21,819,746	99.01%	574,980	22,394,726	101.62%	697,877	3.17%
1995	25,232,746	24,855,685	98.51%	665,040	25,520,725	101.14%	409,898	1.62%
1996	26,744,006	26,138,134	97.73%	592,836	26,730,970	99.95%	250,239	0.94%
1997	26,779,589	25,463,240	95.08%	572,190	26,035,430	97.22%	894,092	3.34%
1998	26,906,274	26,602,692	98.87%	719,216	27,321,908	101.54%	478,455	1.78%
1999	29,675,294	29,465,697	99.29%	544,961	30,010,658	101.13%	143,091	0.48%
2000	31,344,392	30,090,084	96.00%	769,186	30,859,269	98.45%	1,690,358	5.39%
2001	31,800,460	30,919,285	97.23%	852,116	31,771,401	99.91%	1,194,767	3.76%
2002	34,128,644	34,175,938	100.14%	962,068	35,138,006	102.96%	185,405	0.54%

Source: Butler County Auditor

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

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1994	\$625,388,300	\$1,786,823,714	\$58,821,005	\$235,284,020	\$46,540,330	\$58,175,413	\$730,749,635	\$2,080,283,147
1995	631,001,580	1,802,861,657	62,701,334	250,805,336	48,214,110	60,267,638	741,917,024	2,113,934,631
1996	680,654,840	1,944,728,114	66,847,507	267,390,028	46,752,550	58,440,688	794,254,897	2,270,558,830
1997	737,481,630	2,107,090,371	83,814,921	335,259,684	46,487,160	58,108,950	867,783,711	2,500,459,005
1998	773,080,200	2,208,800,571	92,145,900	368,583,600	45,340,120	56,675,150	910,566,220	2,634,059,321
1999	797,087,180	2,277,391,943	88,645,232	354,680,928	46,049,910	52,329,477	931,782,322	2,684,402,348
2000	891,492,700	2,547,122,000	95,496,050	381,984,200	46,448,790	52,782,716	1,033,437,540	2,981,888,916
2001	934,248,580	2,669,281,657	87,858,027	351,432,108	43,228,880	49,123,727	1,065,335,487	3,069,837,492
2002	974,458,300	2,748,166,571	97,874,411	391,497,644	32,940,510	37,432,398	1,105,273,221	3,177,096,613
2003	1,157,170,240	3,306,200,686	92,877,207	371,508,828	33,286,990	37,826,125	1,283,334,437	3,715,535,639

Source: Butler County Auditor

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Fairfield City School District	\$51	\$55	\$55	\$55	\$54	\$54	\$54	\$54	\$54	\$54
City of Fairfield	4	5	5	5	5	5	4	6	6	6
Fairfield Township	7	7	7	7	7	7	7	13	12	12
Butler County	7	7	7	8	8	8	8	8	9	9
Butler County JVS	2	2	2	2	2	2	2	2	2	2

Source: Butler County Auditor

TABLE 6

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

Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)
1994	52,930	\$730,749,635	\$5,240,000	\$1,635,675	\$3,604,325	0.49%
1995	53,841	741,917,024	49,240,000	1,021,194	48,218,806	6.50%
1996	55,456	794,254,897	49,398,000	1,567,866	47,830,134	6.02%
1997	57,120	867,783,711	51,333,814	2,422,896	48,910,918	5.64%
1998	58,837	910,566,220	49,139,814	1,510,470	47,629,344	5.23%
1999	60,602	931,782,322	48,247,814	1,474,909	46,772,905	5.02%
2000	60,500	1,033,437,540	47,325,814	1,513,167	45,812,647	4.43%
2001	60,500	1,065,335,487	46,280,655	2,807,077	43,473,578	4.08%
2002	58,849	1,105,273,221	44,255,655	1,898,083	42,357,572	3.83%
2003	58,849	1,283,334,437	42,650,655	1,981,092	40,669,563	3.17%

Source:

(1) U.S. Census Bureau

(2) Butler County Auditor, calendar year basis

Fairfield City School District, Ohio
 Computation of Legal Debt Margin
 June 30, 2003

TABLE 7

Assessed Valuation of District		<u>\$1,283,334,437</u>
<u>Overall Direct Debt Limitation</u>		
Direct debt limitation		
9% of assessed valuation	115,500,099	
Amount available in Debt Service Fund	1,981,092	
Gross indebtedness		42,650,655
Less: Debt exempt from limitation		<u>0</u>
Debt subject to 9% limitation		<u>(42,650,655)</u>
Legal debt margin within 9% limitation		<u>\$74,830,536</u>
<u>Unvoted Direct Debt Limitation</u>		
Unvoted debt limitation		1,283,334
0.1% of assessed valuation		n/a
Amount available in Debt Service Fund		
related to unvoted debt		
Gross indebtedness authorized by the Board		0
Less: Debt exempt from limitation		<u>0</u>
Debt subject to 0.1% limitation		<u>0</u>
Legal debt margin within 0.1% limitation		<u>\$1,283,334</u>

Source: Fairfield City School District

Fairfield City School District, Ohio
 Computation of Direct and Overlapping Debt
 June 30, 2003

TABLE 8

Governmental Unit	Gross General Obligation	Percent Applicable to District (1)	Amount Applicable to District
Direct:			
Fairfield City School District	\$42,650,655	100.00%	\$42,650,655
Overlapping:			
Butler County	\$83,941,600	18.26%	\$15,327,736
Fairfield City	20,165,000	98.73%	19,908,905
Fairfield Township	2,385,845	98.89%	2,359,362
Butler County Career Center School District	7,995,000	21.03%	1,681,349
Total overlapping:	\$114,487,445		\$39,277,352
Total direct and overlapping debt:	\$157,138,100		\$81,928,007

Source: Ohio Municipal Advisory Council

(1) Calculated by the Ohio Municipal Advisory Council

TABLE 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (%)
1994	\$390,000	\$405,412	\$795,412	\$35,501,364	2.24%
1995	400,000	343,728	743,728	36,978,357	2.01%
1996	785,000	3,750,931	4,535,931	39,542,432	11.47%
1997	1,390,000	3,073,998	4,463,998	40,869,683	10.92%
1998	1,735,000	2,868,058	4,603,058	44,527,951	10.34%
1999	892,000	3,005,496	3,897,496	45,812,877	8.51%
2000	922,000	3,027,549	3,949,549	49,730,043	7.94%
2001	1,041,000	2,167,204	3,208,204	54,642,595	5.87%
2002	2,025,000	2,401,670	4,426,670	56,530,005	7.83%
2003	1,605,000	2,279,612	3,884,612	63,607,185	6.11%

Source: Fairfield City School District

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

TABLE 10

Fiscal Year	Population (1)	School Enrollment (2)	Unemployment Rate City of Fairfield (3)
1994	52,930	8,507	4.70%
1995	53,841	8,639	4.50%
1996	55,456	8,757	4.30%
1997	57,120	8,889	3.50%
1998	58,837	8,961	3.60%
1999	60,602	8,946	3.30%
2000	60,500	9,108	3.20%
2001	60,500	8,973	3.20%
2002	58,849	9,169	4.50%
2003	58,849	9,239	4.50%

Sources: (1) U.S. Census Bureau
 (2) Fairfield City School District
 (3) Ohio Bureau of Employment Services, rates are for Butler County

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

TABLE II

<u>Calendar Year</u>	<u>Construction (1)</u>	<u>Bank Deposits (2)</u>	<u>Property Values (3)</u>
1993	\$11,514,890	\$697,204,000	\$577,411,180
1994	11,774,580	713,488,000	625,388,300
1995	15,300,940	750,113,000	631,001,580
1996	22,657,610	806,926,000	680,654,840
1997	16,382,440	918,777,000	737,481,630
1998	32,090,570	825,082,000	773,080,200
1999	26,001,800	864,100,000	797,087,180
2000	40,572,000	1,152,810,000	934,248,580
2001	37,724,330	1,136,994,000	974,458,300
2002	35,039,020	1,257,078,000	1,157,170,240

Sources:

(1) Butler County Auditor

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

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

Fairfield City School District, Ohio
 Real and Tangible Personal Property
 Top Ten Principal Taxpayers
 June 30, 2003

TABLE 12

Name of Taxpayer	Real Property	Personal Property	Total Assessed Valuation	% of Total Assessed Valuation
CFC Investment Co.	\$29,611,470	\$0	\$29,611,470	2.31%
Cincinnati Gas & Electric	23,099,170	0	23,099,170	1.80%
Sisters of Mercy	11,757,130	0	11,757,130	0.92%
Fairfield Board of Education	10,379,030	0	10,379,030	0.81%
Ohio Casualty Insurance	9,179,200	0	9,179,200	0.72%
Boynel Sam Trust	8,527,670	0	8,527,670	0.66%
Cincinnati Bell Telephone Co.	7,773,760	0	7,773,760	0.61%
Faith - Village Apartments	7,317,110	0	7,317,110	0.57%
Meijer	4,735,740	2,270,700	7,006,440	0.55%
Alliance TP Portfolio	5,243,500	0	5,243,500	0.41%
	<u>\$117,623,780</u>	<u>\$2,270,700</u>	<u>\$119,894,480</u>	<u>9.36%</u>

Source: Butler County Auditor

Fairfield City School District, Ohio
 Miscellaneous Statistical Data
 June 30, 2003

TABLE 13

Year of Incorporation: 1929

Form of Government: Public School District

Area of District: 38 Square miles

Number of Schools	
Kindergarten	1
Elementary	5
Intermediate	1
Middle	1
Freshman	1
High	1
	<hr/> 10

Fiscal Year	Education of Certified Staff		
	Bachelor	Masters and beyond	Average years Experience
1994	51.30%	48.70%	13.0
1995	51.70%	48.20%	13.2
1996	51.60%	48.40%	13.5
1997	54.60%	45.40%	13.6
1998	51.20%	48.80%	13.7
1999	54.70%	45.30%	14.0
2000	48.00%	52.00%	13.0
2001	45.00%	55.00%	13.0
2002	46.00%	54.00%	13.0
2003	46.16%	53.84%	12.0

Source: Fairfield City School District



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FAIRFIELD CITY SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 4, 2004**