

FAIRFIELD CITY SCHOOL DISTRICT, OHIO

Single Audit Reports

June 30, 2005



**Auditor of State
Betty Montgomery**

Board of Education
Fairfield City School District
Fairfield, Ohio

We have reviewed the *Independent Auditors' Report* of the Fairfield City School District, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 19, 2006

This Page is Intentionally Left Blank.

FAIRFIELD CITY SCHOOL DISTRICT, OHIO

Table of Contents

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

FAIRFIELD CITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2005

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Nutrition Cluster:				
Food Donation	N/A	10.550	\$ 146,138	146,138
School Breakfast Program	05PU	10.553	40,942	40,942
National School Lunch Program	LLP4	10.555	<u>375,984</u>	<u>375,984</u>
Nutrition Cluster Total			<u>563,064</u>	<u>563,064</u>
Total U.S. Department of Agriculture			<u>563,064</u>	<u>563,064</u>
<u>U.S. Department of Education:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Title I Grants to Local Educational Agencies	C1S1	84.010	377,756	364,216
Title I Program for Neglected & Delinquent Children	C1SN	84.013	5,355	7,285
International Research and Studies	6BPB	84.017	26,959	28,459
Special Education Cluster:				
Special Education - Grants to States	6BSF	84.027	1,744,523	1,678,880
Special Education - Preschool Grants	PGS1	84.173	<u>27,860</u>	<u>27,860</u>
Special Education Cluster Total			<u>1,772,383</u>	<u>1,706,740</u>
Safe and Drug-Free Schools and Communities - State Grants	DRS1	84.186	14,180	21,656
State Grants for Innovative Programs	C2S1	84.298	45,967	45,678
Education Technology State Grants	TJS1	84.318	10,264	15,113
Comprehensive School Reform Demonstration	RFCC	84.332	31,043	31,815
English Language Acquisition Grants	T3S2	84.365	69,466	82,992
Improving Teacher Quality State Grants	TRS1	84.367	<u>175,183</u>	<u>195,147</u>
Total U.S. Department of Education			<u>2,496,242</u>	<u>2,463,357</u>
<u>U.S. Department of Homeland Security:</u>				
<i>(Passed through Ohio Emergency Management Agency)</i>				
Public Assistance Grants	n/a	97.036	<u>17,117</u>	<u>17,117</u>
Total U.S. Department of Homeland Security			<u>17,117</u>	<u>17,117</u>
Total Federal Awards			\$ <u>3,108,737</u>	<u>3,079,282</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

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



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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fairfield City School District, Ohio (the School District) as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 16, 2005 wherein we noted that the School District implemented Governmental Accounting Standards Board Statement No. 40 as well as Governmental Accounting Standards Board Technical Bulletin No. 2004-2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

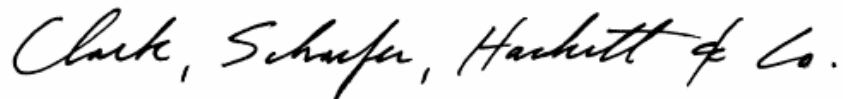
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance And Other Matters

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

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

A handwritten signature in black ink that reads "Clark, Schaefer, Hachett & Co." The signature is written in a cursive, flowing style.

Cincinnati, Ohio
November 16, 2005



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

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

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

Compliance

We have audited the compliance of Fairfield City School District, Ohio (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of and for the year ended June 30, 2005, and have issued our report thereon dated November 16, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
November 16, 2005

FAIRFIELD CITY SCHOOL DISTRICT, OHIO

Schedule of Findings and Questioned Costs

Year Ended June 30, 2005

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Reportable condition(s) identified that are not considered to be material weaknesses?	no
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	no
• Reportable condition(s) identified not considered to be material weaknesses?	no
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required To be reported in accordance with section 510(a) of OMB Circular A-133?	no
Identification of major programs:	
<i>Special Education Cluster:</i>	
<i>CFDA 84.027 – Special Education – Grants to States</i>	
<i>CFDA 84.173 – Special Education – Preschool Grants</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

FAIRFIELD CITY SCHOOL DISTRICT, OHIO

Schedule of Prior Audit Findings

Year Ended June 30, 2005

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2005



FAIRFIELD CITY SCHOOL DISTRICT
FAIRFIELD, OHIO

FAIRFIELD CITY SCHOOL DISTRICT
FAIRFIELD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

PREPARED BY:
OFFICE OF THE TREASURER
NANCY LANE, TREASURER

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	vii
List of Principal Officials	xv
Organizational Chart	xvi
GFOA Certificate of Achievement for Excellence in Financial Reporting	xvii
ASBO Certificate of Excellence in Financial Reporting	xviii
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
Statement of Fiduciary Net Assets - Fiduciary Funds	17
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	18
Notes to the Basic Financial Statements	19
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	42
Notes to the Required Supplementary Information	43
Combining Statements and Individual Fund Schedules:	
Fund Descriptions	46
Nonmajor Governmental Funds:	
Combining Balance Sheet	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	50
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	58

TABLE OF CONTENTS

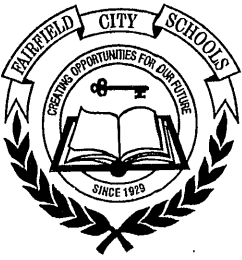
	<u>Page</u>
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	64
Agency Funds:	
Statement of Changes in Assets and Liabilities	65
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis):	
Public School Support	66
Spring Recognition	67
Extracurricular Student Activities	68
Auxiliary Services	69
Management Information	70
Public School Pre-school	71
Entry Year Grant	72
SchoolNet OneNet	73
SchoolNet Professional Development	74
Ohio Reads	75
Summer Intervention	76
School Security	77
Title VI B Pre-School	78
Title III	79
Title I	80
Title VI	81
Drug Free Schools	82
Pre-School Disabilities	83
Telecom Act	84
Classroom Size Reduction	85
Miscellaneous Federal	86
Food Service	87
Uniform School Supply	88
Latchkey	89
Debt Service	90
Permanent Improvement	91
SchoolNet	92

TABLE OF CONTENTS

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
General School System Revenues by Source - Government-Wide	1	93
General School System Expenses by Function - Government-Wide	2	94
General Fund Revenues by Source	3	95
General Fund Expenditures by Function	4	96
Property Tax Levies and Collections - Real and Public Utility Property	5	97
Assessed and Estimated Actual Value of Taxable Property	6	98
Property Tax Rates - Direct and Overlapping Governments	7	99
Ratio of Net General Bonded Debt to Assessed Value And Net Bonded Debt per Capita	8	100
Computation of Legal Debt Margin	9	101
Computation of Direct and Overlapping Debt	10	102
Ratio of Annual Debt Service Expenditures - For General Bonded Debt to Total General Fund Expenditures	11	103
Demographic Statistics	12	104
Construction, Bank Deposits and Property Values	13	105
Real and Tangible Property - Top Ten Principal Taxpayers	14	106
Miscellaneous Statistical Data	15	107

THIS PAGE INTENTIONALLY LEFT BLANK

**INTRODUCTORY
SECTION**



Fairfield City Schools

Treasurer's Office

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

December 31, 2005

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, 2005. This report, prepared by the Treasurer's office, includes an opinion from the Clark, Schaefer, Hackett and Co. and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report was prepared in conformance with generally accepted accounting principals as set forth by the Governmental Accounting Standards Board (GASB). This report will provide the taxpayers of the Fairfield City School District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

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

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the District's organization chart, the GFOA Certificate of Achievement and ASBO Certificate of Excellence the District received for the June 30, 2004 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, notes to the required supplementary information, and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

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

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

In addition to these general activities, the District acts as the fiscal agent for State funds distributed to non-public parochial schools located within the District boundaries. This activity is included in the District's reporting entity as Auxiliary Services a special revenue fund because the District has administrative involvement in the programs. The schools served are: Fairfield Educational Building, Hamilton-Middletown 7th Day Adventist, Lavallo, 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 2004, the District had \$25,531,920 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 2004-2005 school year, the District served 9,575 students enrolled in 1 kindergarten center, 5 elementary schools, 1 intermediate school, 1 middle school, 1 freshman school and 1 comprehensive high school. This enrollment increased by 108 students from the 2003-2004 school year. The preliminary enrollment for the 2005-2006 school year is 9,792, an increase of 217 students.

ORGANIZATION OF THE SCHOOL DISTRICT

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

The Board members represent a cross section of professions in the community. The board members on June 30, 2005, were as follows:

<u>Board Member</u>	<u>Term</u>	<u>Years on Board</u>
Mrs. Anne Crone	1/1/04 - 12/31/05	13 - 1/2
Mr. Eugene Ball	1/20/05 - 12/31/05	1/2
Mr. Michael Oler	1/1/02 - 12/31/05	15 - 1/2
Mr. Terry Senger	1/1/04 - 12/31/07	1 - 1/2
Mrs. Nancy Wenning	1/1/04 - 12/31/07	3

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

The Treasurer is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets and investing idle funds as specified by Ohio Law. Mrs. Nancy Lane was appointed Treasurer on January 6, 2005. Her contract expires at the Organizational Meeting in January 2007. Mrs. Lane received her Bachelor of Arts degree from Wilmington College and had been employed by the District as the Payroll Supervisor since July 1996.

EMPLOYEE RELATIONS

The District has 1,142 full and part-time employees. This number has increased slightly over the past few years as various programs and services have been expanded to meet the changing needs of students and the community. There are two organizations representing the certificated and classified employees. The District's administrative employees are not currently represented.

The Fairfield Classroom Teachers Association (FCTA), an affiliate of the Ohio Education Association (OEA), represents all certificated employees of the District. The collective bargaining agreement between the FCTA and the District expired on August 31, 2004. In October 2004, both parties agreed to a one year extension with a zero percent salary increase for 2004-2005.

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. During the 2004-2005 contract year all four local chapters of OAPSE agreed to a zero percent salary increase. The collective bargaining agreements with all four chapters expired June 30, 2005.

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

The curriculum of Fairfield City Schools' covered many areas in '04-05. Grades K-6 implemented the Four-Block model for language arts, which included a concentration on phonics at the primary levels and word study at the intermediate level. A local spelling program was developed by our district Language Arts Instructional Specialist to allow teachers to separate the spelling program from the adopted reading series in order to increase the amount of reading time for the students. Multi-sensory reading intervention training continued, addressing phonemic awareness, phonics and comprehension. A district training team as well external trainers were involved in various parts of the professional development which was maintained throughout the year.

In response to the need of special education students to have a more effective reading program, READ 180, a Scholastic program, was adopted as an intervention for our IEP and ELL populations, in addition to struggling readers. This implementation was monumental as scheduling and training had to be done after the start of school. Data at the end of the year showed tremendous growth for many of the students who had not been successful in the traditional language arts setting. This implementation was a collaborative effort between the members of the curriculum, technology, and special services teams. This program was a huge investment in resources.

Fairfield continued the "Effective Schools" model, using data-driven decision making to schedule intensive intervention programs. Before and after school math and reading intervention camps were held to help students who had not achieved mastery on grade level indicators. East Elementary continued their neighborhood Homework Club to provide support off-site, at no charge, to students who needed it. Curriculum calendars and common assessments are other components of Effective Schools which continued to be modified to improve student achievement.

New implementations and training in mathematics continued in grades K-12. As a member of the High AIMS consortium, professional development was offered to identified teacher leaders through the PROM/SE grant and Michigan State University staff. Twenty-nine Fairfield staff members took Math Solutions training with several more taking OMAP, the ODE math program. The district was in the early stages of Investigations implementation, a reform-based mathematics program. The pilot program which began earlier at East Elementary was expanded to volunteer teachers in other elementary buildings.

Fairfield High School transitioned into a new Business Academy in collaboration with Butler Technology and Career Development Schools, after 2 years of planning, recruiting, hiring and scheduling. A core team of teachers was formed that would meet the academic as well as the technical needs of the students. The students work at the high school and off-site at Butler Tech.

Curriculum needs in science were also an important part of the curriculum plan for 04-05. The Middle School science teachers continue to struggle with the integrated standards established by the state. Fairfield teachers had used a focused approach to different areas of study in grades 7, 8 and 9. Many professional development meetings and discussions ensued to bring teachers to a consensus about their approach to teaching science.

Textbooks were examined, but the options were not acceptable, so materials were selected to fill the gaps between what was taught and what needs to be taught. Changing our science program continues to be a curriculum challenge.

Character Education was a focus in all buildings beginning in '04-05. Meetings were held with parents and staff to establish the monthly traits that would be highlighted. Administrators and staff created plans to develop character education programs in each of their buildings and curriculum materials were purchased to support their efforts. The Character Education plans dove-tailed nicely into the community's initiative for asset development. This opened the door for additional collaboration and discussion with the community.

In analyzing the needs of the special education services, it was felt that restructuring was needed. A "Special Education Summit" was held over time in the spring bringing together teachers and principals, under the leadership of a special education consultant, to discuss their needs and the plans for improvement for the '05-06 school year. As our special education numbers continue to grow, it was imperative that the stakeholders were brought together to address this issue. Professional development plans and placements were made as a result of these meetings.

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 \$205,894 for the year ended June 30, 2005.

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 105 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, 2005 is included in the Notes to the Basic Financial Statements.

INDEPENDENT AUDIT

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Clark, Schaefer, Hackett and Company performed the audit for the fiscal year ended June 30, 2005. 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, 2004. 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.

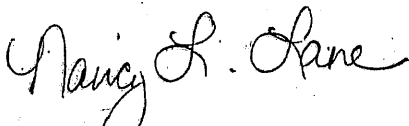
ASBO Certificate of Excellence

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence on Financial Reporting for the fiscal year ended June 30, 2004, to the District. The award certifies that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004, 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, 2005, will again conform to ASBO's principles and standards as well, and will be submitted to ASBO for review.

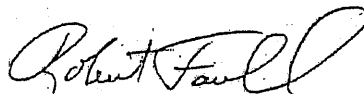
ACKNOWLEDGEMENTS

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

Respectfully Submitted,



Nancy L. Lane
Treasurer



Dr. Robert Farrell
Superintendent

**FAIRFIELD CITY SCHOOL DISTRICT, OHIO
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2005**

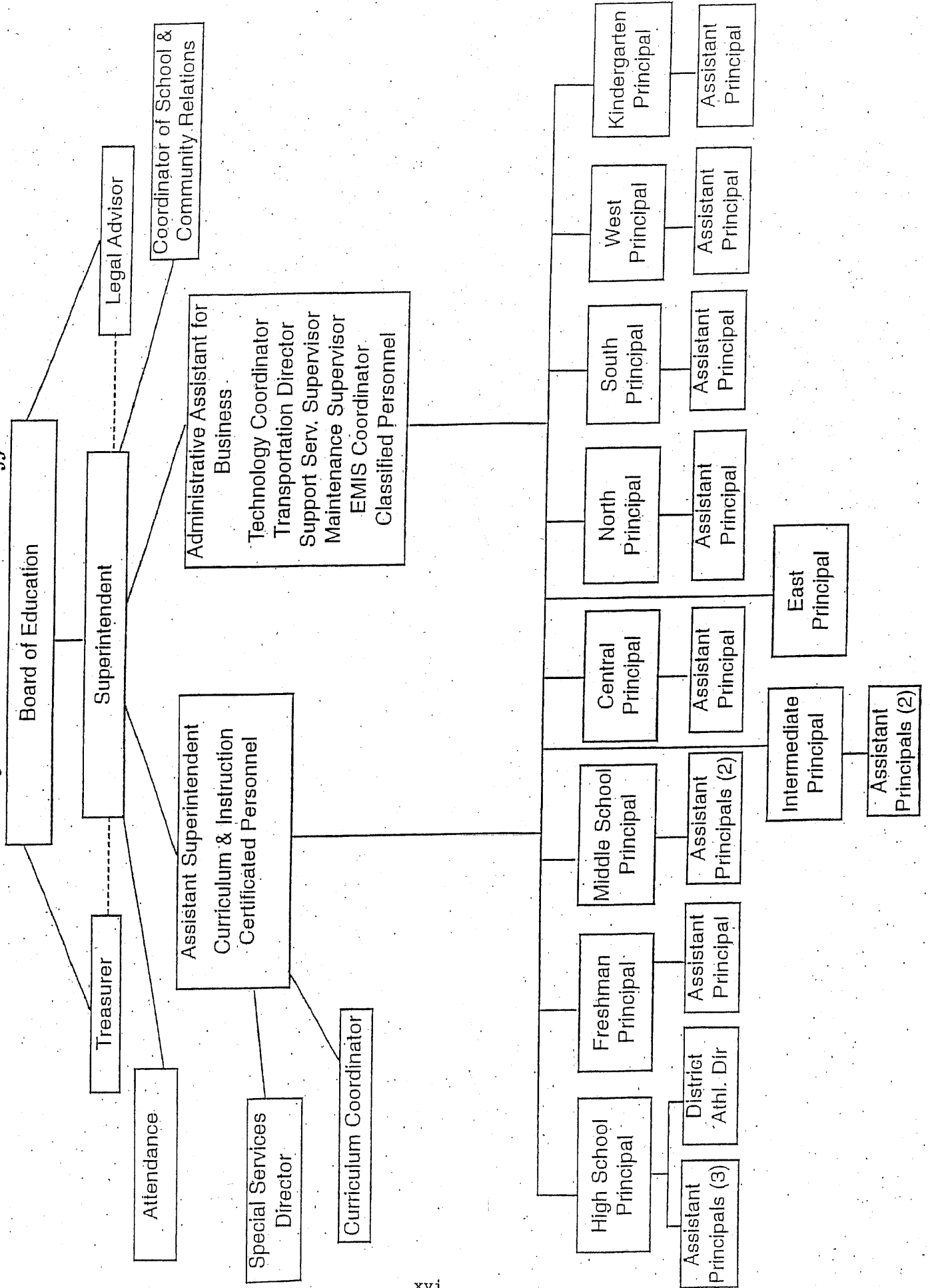
BOARD OF EDUCATION

President	Anne Crone
Vice President	Michael Oler
Board Member	Eugene Ball
Board Member	Terry Senger
Board Member	Nancy L. Wenning

ADMINISTRATIVE OFFICIALS

Superintendent	Dr. Robert Farrell
Treasurer	Ms. Nancy L. Lane
Assistant Superintendent (Certificated Personnel)	Dr. Lynn Kitchen
Administrative Assistant For Business (Classified Personnel)	Mr. Rob Amodio

Fairfield Administrative Staff



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fairfield City School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Zjelle

President

Jeffrey R. Emery

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, 2004

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

President

Executive Director

**FINANCIAL
SECTION**



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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield City School District, Ohio (the School District), as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposits and Investment Risk Disclosures* and GASB Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employees* for the year ended June 30, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2005, on our consideration of School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 10 and 42 through 44, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
November 16, 2005

FAIRFIELD CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005
(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, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- Net assets of governmental activities increased \$1,952,982 which represents a 12.2% increase from 2004.
- General revenues accounted for \$70,067,187 in revenue or 88.2% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$9,411,336 or 11.8% of total revenues of \$79,478,523.
- Total assets of governmental activities increased by \$6,752,360 primarily due to increases in taxes receivable of \$5,417,130 and cash and other receivables of \$2,177,457.
- The District had \$77,525,541 in expenses related to governmental activities; \$9,411,336 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$70,067,187 were also used to provide for these programs.
- All governmental funds had total revenues and other financing sources of \$80,741,125 and expenditures and other financing uses of \$79,069,829. The net change (decrease) in fund balance for the year was \$1,671,296.

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 Fund are the major funds of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2005?" The Government-wide Financial Statements answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

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

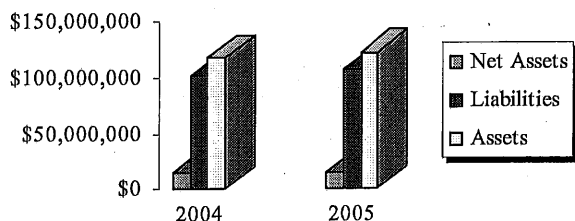
Governmental Funds Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*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

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 2004 compared to 2005:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2005</u>
Assets		
Current and Other Assets	\$53,942,820	\$61,546,243
Capital Assets	<u>62,625,555</u>	<u>61,774,492</u>
Total Assets	<u>116,568,375</u>	<u>123,320,735</u>
Liabilities		
Long-Term Liabilities	48,763,832	47,141,704
Other Liabilities	<u>51,841,288</u>	<u>58,262,794</u>
Total Liabilities	<u>100,605,120</u>	<u>105,404,498</u>
Net Assets		
Invested in Capital		
Assets Net of Debt	21,570,632	22,908,188
Restricted	2,867,558	2,659,736
Unrestricted	<u>(8,474,935)</u>	<u>(7,651,687)</u>
Total Net Assets	<u>\$15,963,255</u>	<u>\$17,916,237</u>



Over time, assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$17,916,237.

At year-end, capital assets represented 50.1% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2005, was \$22,908,188. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$2,659,736, represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Table 2 shows the changes in net assets for fiscal years 2004 and 2005.

Table 2
Changes in Net Assets

	Governmental Activities	
	<u>2004</u>	<u>2005</u>
Revenues		
Program Revenues:		
Charges for Services	\$3,461,933	\$4,646,285
Operating Grants	4,031,923	4,609,654
Capital Grants	69,562	155,397
General Revenue:		
Property Taxes	37,930,512	40,465,335
Grants and Entitlements	28,956,635	28,193,385
Investment Earnings	142,386	205,894
Other	<u>2,484,962</u>	<u>1,202,573</u>
Total Revenues	<u>77,077,913</u>	<u>79,478,523</u>
Program Expenses:		
Instruction	43,328,693	42,058,146
Support Services:		
Pupil and Instructional Staff	8,622,993	8,179,237
General and School Administrative, Fiscal and Business	7,019,206	7,066,629
Operations and Maintenance	6,759,627	6,666,556
Pupil Transportation	5,451,797	5,227,177
Central	142,874	90,831
Operation of Non-Instructional Services	4,443,516	4,865,039
Extracurricular Activities	1,601,544	1,294,759
Interest and Fiscal Charges	<u>2,184,076</u>	<u>2,077,167</u>
Total Expenses	<u>79,554,326</u>	<u>77,525,541</u>
Change in Net Assets	(2,476,413)	1,952,982
Beginning Net Assets	<u>18,439,668</u>	<u>15,963,255</u>
Ending Net Assets	<u>\$15,963,255</u>	<u>\$17,916,237</u>

Of the total governmental activities revenues of \$79,478,523, \$9,411,336 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$40,465,335 (58%) comes from property tax levies and \$28,193,385 (40%) is from state and federal funding. This District's operations are reliant upon its property tax levy and the state's foundation program.

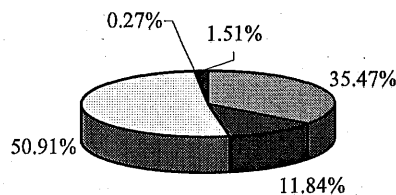
Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 86.4% of the District's revenues for governmental activities.

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

Thus Ohio districts do not collect additional property tax revenue on the increased value of homes that is due to appreciation and must regularly return to the voters to maintain a constant level of service. Property taxes made up 51% of revenue for governmental activities for the District in fiscal year 2005.

Revenue Sources	2005	Percent of Total
General Grants	\$28,193,385	35.47%
Program Revenues	9,411,336	11.84%
General Tax Revenues	40,465,335	50.91%
Investment Earnings	205,894	0.27%
Other Revenues	1,202,573	1.51%
	<u>\$79,478,523</u>	<u>100.00%</u>



Instruction comprises 54.3% of governmental program expenses. Support services expenses were 35.1% of governmental program expenses. Interest expense was 10.6%. Interest expense was attributable to the outstanding bond and borrowing for capital projects. The increase in tax revenues is the result of less delinquents at the end of the year. Instruction expense decreased from the prior year due to reduction in the amount of supplemental positions in the District.

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

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Instruction	\$43,328,693	\$42,058,146	(\$40,017,503)	(\$39,498,075)
Support Services:				
Pupil and Instructional Staff	8,622,993	8,179,237	(6,716,558)	(6,903,734)
Board, Administration, Fiscal and Business	7,019,206	7,066,629	(6,805,654)	(6,832,416)
Operations and Maintenance	6,759,627	6,666,556	(6,612,762)	(6,444,925)
Pupil Transportation	5,451,797	5,227,177	(5,381,326)	(5,143,982)
Central	142,874	90,831	(142,874)	(90,831)
Operation of Non-Instructional Services	4,443,516	4,865,039	(3,564,752)	(117,339)
Extracurricular Activities	1,601,544	1,294,759	(565,403)	(1,005,736)
Interest and Fiscal Charges	<u>2,184,076</u>	<u>2,077,167</u>	<u>(2,184,076)</u>	<u>(2,077,167)</u>
Total Expenses	<u>\$79,554,326</u>	<u>\$77,525,541</u>	<u>(\$71,990,908)</u>	<u>(\$68,114,205)</u>

The District's Funds

The District has two major governmental funds: the General Fund and Debt Service Fund. Assets of the general fund comprised \$50,664,496 (82%) and the debt service fund comprised \$5,585,593 (9%) of the total \$62,160,767 governmental funds assets.

General Fund: Fund balance at June 30, 2005 was (\$1,023,851) an increase in fund balance of \$1,150,812 from 2004. The primary reasons for the decrease in fund balance were decreases in intergovernmental revenue mainly due to a decrease in the amount of grant monies received in 2004 compared to 2005.

Debt Service Fund: Fund balance at June 30, 2005 was \$1,834,394 including \$1,761,462 of unreserved balance. The fund balance is consistent from 2004 to 2005.

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 2005, the District amended its general fund budget at times, however none were significant. The District's budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$64,288,955, compared to original budget estimates of \$63,622,909. Of this \$666,046 difference, most was due to a difference in estimates in taxes and intergovernmental revenue.

The District's ending unobligated actual fund balance for the General fund was \$3,961,361.

Capital Assets and Debt Administration

Capital Assets

At the fiscal year end, the District had \$61,774,492 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal 2005 balances compared to 2004:

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

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2005</u>
Land	\$3,803,351	\$3,803,351
Construction in Progress	159,842	0
Buildings and Improvements	55,158,926	55,450,883
Equipment	<u>3,503,436</u>	<u>2,520,258</u>
Total Net Capital Assets	<u>\$62,625,555</u>	<u>\$61,774,492</u>

Construction was completed on the District's canopies and a fire alarm which were reclassified to buildings. Overall capital assets decreased due to accumulated depreciation increasing more than additions in capital assets for fiscal year 2005.

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

Debt

At June 30, 2005, the District had \$38,780,655 in bonds outstanding, \$2,195,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	<u>Governmental Activities 2004</u>	<u>Governmental Activities 2005</u>
General Obligation Bonds:		
1994 School Improvement	\$3,200,000	\$3,100,000
1994 School Improvement	2,280,000	1,685,000
1997 Refund 1987 School Improvement Bonds	1,874,814	1,499,814
1997 Energy Conservation Bonds	1,240,000	850,000
2001 Refund 1994 School Improvement Bonds	<u>32,200,841</u>	<u>31,645,841</u>
Total Bonds	<u>\$40,795,655</u>	<u>\$38,780,655</u>

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

For the Future

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

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

With no major increases in state funding projected, the District must increase revenues by submitting an operating levy to the community in the near future. At this time, the Board has not set the date and amount for the levy. Even though the District is projecting a slight increase in enrollment, the need for increased revenues is projected for fiscal year 2006. This increased funding will be needed to provide all students a quality education. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

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

All of the District’s financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District’s finances, the District’s management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District’s Financial Management

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

Fairfield City School District, Ohio
Statement of Net Assets
June 30, 2005

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$10,560,171
Restricted Cash and Investments	203,843
Receivables:	
Taxes	50,020,596
Accounts	203,678
Interest	22,262
Intergovernmental	504,162
Inventory	31,531
Nondepreciable Capital Assets	3,803,351
Depreciable Capital Assets, Net	<u>57,971,141</u>
 Total Assets	 <u>123,320,735</u>
Liabilities:	
Accounts Payable	961,735
Accrued Wages and Benefits	8,530,942
Accrued Interest Payable	164,326
Unearned Revenue	48,605,791
Long-Term Liabilities:	
Due Within One Year	2,994,480
Due In More Than One Year	<u>44,147,224</u>
 Total Liabilities	 <u>105,404,498</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	22,908,188
Restricted for:	
Debt Service	1,714,263
Capital Projects	741,630
Set-Aside	203,843
Unrestricted	<u>(7,651,687)</u>
 Total Net Assets	 <u>\$17,916,237</u>

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$34,148,258	\$717,323	\$522,096	\$81,270	(\$32,827,569)
Special	6,143,444	126,386	682,073	0	(5,334,985)
Vocational	77,422	0	0	0	(77,422)
Other	1,689,022	0	430,923	0	(1,258,099)
Support Services:					
Pupil	3,480,637	53,779	824,185	0	(2,602,673)
Instructional Staff	4,698,600	0	397,539	0	(4,301,061)
General Administration	19,433	0	0	0	(19,433)
School Administration	5,351,477	0	194,407	0	(5,157,070)
Fiscal	1,356,920	0	0	0	(1,356,920)
Business	338,799	0	39,806	0	(298,993)
Operations and Maintenance	6,666,556	174,391	47,240	0	(6,444,925)
Pupil Transportation	5,227,177	882	8,186	74,127	(5,143,982)
Central	90,831	0	0	0	(90,831)
Operation of Non-Instructional Services	4,865,039	3,284,501	1,463,199	0	(117,339)
Extracurricular Activities	1,294,759	289,023	0	0	(1,005,736)
Interest and Fiscal Charges	2,077,167	0	0	0	(2,077,167)
Total Governmental Activities	77,525,541	4,646,285	4,609,654	155,397	(68,114,205)

General Revenues:

Property Taxes Levied for:

General Purposes	34,987,263
Debt Service Purposes	3,213,058
Capital Projects Purposes	2,265,014
Grants and Entitlements not Restricted to Specific Programs	28,193,385
Payment in Lieu of Taxes	683,216
Unrestricted Contributions	3,525
Investment Earnings	205,894
Other Revenues	515,832

Total General Revenues 70,067,187

Change in Net Assets 1,952,982

Net Assets Beginning of Year 15,963,255

Net Assets End of Year \$17,916,237

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2005

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$6,052,255	\$1,761,462	\$2,746,454	\$10,560,171
Restricted Cash and Investments	203,843	0	0	203,843
Receivables:				
Taxes	43,598,222	3,824,131	2,598,243	50,020,596
Accounts	173,520	0	30,158	203,678
Interest	22,132	0	130	22,262
Intergovernmental	0	0	504,162	504,162
Interfund	614,524	0	0	614,524
Inventory	0	0	31,531	31,531
Total Assets	50,664,496	5,585,593	5,910,678	62,160,767
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	440,498	0	521,237	961,735
Accrued Wages and Benefits	7,850,592	0	680,350	8,530,942
Compensated Absences	562,956	0	0	562,956
Interfund Payable	0	0	614,524	614,524
Deferred Revenue	42,834,301	3,751,199	2,627,343	49,212,843
Total Liabilities	51,688,347	3,751,199	4,443,454	59,883,000
Fund Balances:				
Reserved for Encumbrances	636,804	0	996,784	1,633,588
Reserved for Inventory	0	0	31,531	31,531
Reserved for Property Tax Advances	763,921	72,932	51,824	888,677
Reserved for Set-Aside	203,843	0	0	203,843
Unreserved, Undesignated, Reported in:				
General Fund	(2,628,419)	0	0	(2,628,419)
Special Revenue Funds	0	0	584,676	584,676
Debt Service Funds	0	1,761,462	0	1,761,462
Capital Projects Funds	0	0	(197,591)	(197,591)
Total Fund Balances	(1,023,851)	1,834,394	1,467,224	2,277,767
Total Liabilities and Fund Balances	\$50,664,496	\$5,585,593	\$5,910,678	\$62,160,767

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2005

Total Governmental Fund Balance		\$2,277,767
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		61,774,492
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	526,128	
Intergovernmental	<u>80,924</u>	
		607,052
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(164,326)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(7,712,444)</u>	
		(7,712,444)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(38,866,304)</u>
Net Assets of Governmental Activities		<u><u>\$17,916,237</u></u>

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$35,647,319	\$3,298,349	\$2,323,801	\$41,269,469
Tuition and Fees	843,709	0	0	843,709
Investment Earnings	204,125	0	1,769	205,894
Intergovernmental	27,993,335	414,366	4,514,015	32,921,716
Extracurricular Activities	98,702	0	245,849	344,551
Charges for Services	0	0	3,284,501	3,284,501
Other Revenues	1,005,209	0	341,111	1,346,320
Total Revenues	65,792,399	3,712,715	10,711,046	80,216,160
Expenditures:				
Current:				
Instruction:				
Regular	31,400,321	0	848,900	32,249,221
Special	5,083,655	0	1,032,060	6,115,715
Vocational	77,422	0	0	77,422
Other	1,689,022	0	0	1,689,022
Support Services:				
Pupil	2,289,596	0	1,061,819	3,351,415
Instructional Staff	4,209,833	0	438,567	4,648,400
General Administration	19,433	0	0	19,433
School Administration	5,209,700	0	164,472	5,374,172
Fiscal	1,317,440	48,568	34,204	1,400,212
Business	316,149	0	28,016	344,165
Operations and Maintenance	6,366,314	0	24,572	6,390,886
Pupil Transportation	4,886,118	0	6,424	4,892,542
Central	89,054	0	0	89,054
Operation of Non-Instructional Services	0	0	4,714,290	4,714,290
Extracurricular Activities	1,057,527	0	229,501	1,287,028
Capital Outlay	0	0	1,702,522	1,702,522
Debt Service:				
Principal Retirement	173,619	2,015,000	0	2,188,619
Interest and Fiscal Charges	7,219	2,078,927	0	2,086,146
Total Expenditures	64,192,422	4,142,495	10,285,347	78,620,264
Excess of Revenues Over (Under) Expenditures	1,599,977	(429,780)	425,699	1,595,896
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	400	0	75,000	75,400
Transfers In	0	449,565	0	449,565
Transfers (Out)	(449,565)	0	0	(449,565)
Total Other Financing Sources (Uses)	(449,165)	449,565	75,000	75,400
Net Change in Fund Balance	1,150,812	19,785	500,699	1,671,296
Fund Balance Beginning of Year, As Restated	(2,174,663)	1,814,609	966,525	606,471
Fund Balance End of Year	(\$1,023,851)	\$1,834,394	\$1,467,224	\$2,277,767

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2005

Net Change in Fund Balance - Total Governmental Funds \$1,671,296

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

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

Capital assets used in governmental activities	1,399,948	
Depreciation Expense	<u>(2,205,388)</u>	(805,440)

Governmental funds only report the disposal of assets to the
 extent proceeds are received from the sale. In the statement
 of activities, a gain or loss is reported for each disposal. The
 amount of the proceeds must be removed and the gain or loss
 on the disposal of capital assets must be recognized. This is the
 amount of the difference between the proceeds and the gain or loss. (45,623)

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

Delinquent Property Taxes	(804,134)	
Intergovernmental	<u>36,720</u>	(767,414)

Repayment of bond and capital lease principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 2,188,619

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 8,979

Some expenses reported in the statement of activities do not require the
 use of current financial resources and therefore are not reported as
 expenditures in governmental funds.

Compensated Absences	<u>(297,435)</u>	
		<u>(297,435)</u>

Change in Net Assets of Governmental Activities \$1,952,982

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
 Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2005

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$3,876	\$126,410
Receivables:		
Accounts	0	602
Interest	3	0
Total Assets	<u>3,879</u>	<u>\$127,012</u>
Liabilities:		
Accounts Payable	0	3,251
Other Liabilities	0	123,761
Total Liabilities	<u>0</u>	<u>\$127,012</u>
Net Assets:		
Held in Trust	<u>3,879</u>	
Total Net Assets	<u>\$3,879</u>	

See accompanying notes to the basic financial statements.

Fairfield City School District, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2005

	Private Purpose Trust
Additions:	
Investment Earnings	\$19
Other	150
Total Additions	<u>169</u>
Deductions:	
Pupil	<u>130</u>
Total Deductions	<u>130</u>
Change in Net Assets	39
Net Assets Beginning of Year	<u>3,840</u>
Net Assets End of Year	<u><u>\$3,879</u></u>

See accompanying notes to the basic financial statements.

FAIRFIELD CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005

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 471 non-certificated personnel and approximately 611 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 17th largest in the State of Ohio (among 613 Districts) in terms of enrollment and the 2nd largest in Butler County. It currently operates 1 kindergarten center, 5 elementary schools (serving grades 1 - 4), 1 intermediate school (serving grades 5-6), 1 middle school (serving grades 7 - 8), 1 freshman school (serving grade 9), and 1 comprehensive high school (serving grades 10 - 12). The District services an area of 38 square miles.

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

REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

MEASUREMENT FOCUS

Government-wide Financial Statements

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary Funds are reported using the economic resources measurement focus.

FUND ACCOUNTING

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

Governmental Funds

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two agency funds. The agency fund (student activities) is used to account for assets and liabilities generated by student managed activities. The fund accounts for sales and other revenue generating activities by student activity programs, which have students involved in the management of the program. The agency fund (unclaimed monies) is used to account for funds that belong to others as a result of outstanding checks over one year old. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

EQUITY IN POOLED CASH AND INVESTMENTS

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

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

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2005 credited to the General Fund amounted to \$204,125, which includes \$102,513 assigned from other school districts funds.

INVENTORY

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

CAPITAL ASSETS

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

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

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

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

COMPENSATED ABSENCES

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

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

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

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

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

NET ASSETS

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

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

INTERFUND ACTIVITY

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities

INTERFUND BALANCES

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

FUND EQUITY

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

ESTIMATES

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

RESTRICTED ASSETS

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

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2005, \$332,974 of the District's bank balance of \$532,974 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments

As of June 30, 2005, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighed Average Maturity (Years)</u>
Money Market	\$7,392,500	0.00
Federal Agency Bonds	2,523,930	0.52
Federal Agency Notes	<u>669,607</u>	<u>0.38</u>
Total Fair Value	<u>\$10,586,037</u>	
Portfolio Weighted Average Maturity		0.15

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

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations.

Concentration of credit risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested more than 30% of the District’s investments in Federal Agencies (bonds and notes).

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

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

4. PROPERTY TAXES

Real property taxes collected in 2005 were levied after April 1, 2004 on the assessed values as of January 1, 2004, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year. The most recent re-evaluation was completed in January 2002.

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

Real property taxes are payable annually or semi-annually. In 2005, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2005. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2005 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, 2005, was \$763,921 for General Fund, \$72,932 for Debt Service and \$51,824 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 2005 operations.

The assessed value, by property classification, upon which taxes collected in 2005 were based as follows:

Tangible and Public Utility Personal	\$136,211,264
Real Estate	<u>1,213,766,140</u>
Total Assessed Property Value	<u>\$1,349,977,404</u>

5. RECEIVABLES

Receivables at June 30, 2005, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	<u>Amounts</u>
Summer Intervention	\$20,686
School Security	4,362
Title VI-B	275,747
Title III	14,224
Title I	31,493
Title VI	12,423
Drug Free Schools	24,622
Classroom Size Reduction	62,065
Miscellaneous Federal	6,393
Food Service	<u>52,147</u>
Total	<u>\$504,162</u>

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Government Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$3,803,351	\$0	\$0	\$3,803,351
Construction in Progress	<u>159,842</u>	<u>0</u>	<u>159,842</u>	<u>0</u>
Total Capital Assets, not being depreciated	<u>3,963,193</u>	<u>0</u>	<u>159,842</u>	<u>3,803,351</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	66,564,910	1,045,378	0	67,610,288
Equipment	<u>23,167,940</u>	<u>514,412</u>	<u>294,732</u>	<u>23,387,620</u>
<i>Total Capital Assets, being depreciated</i>	<u>89,732,850</u>	<u>1,559,790</u>	<u>294,732</u>	<u>90,997,908</u>
Totals at Historical Cost	<u>\$93,696,043</u>	<u>\$1,559,790</u>	<u>\$454,574</u>	<u>\$94,801,259</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$11,405,984	\$753,421	\$0	\$12,159,405
Equipment	<u>19,664,504</u>	<u>1,451,967</u>	<u>249,109</u>	<u>20,867,362</u>
Total Accumulated Depreciation	<u>\$31,070,488</u>	<u>\$2,205,388</u>	<u>\$249,109</u>	<u>\$33,026,767</u>
Governmental Activities Capital Assets, Net	<u>\$62,625,555</u>	<u>(\$645,598)</u>	<u>\$205,465</u>	<u>\$61,774,492</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,711,568
Special	10,220
Support Services:	
Pupil	2,882
Instructional Staff	22,151
School Administration	19,280
Fiscal	11,126
Business	1,044
Operations and Maintenance	59,713
Pupil Transportation	293,340
Central	1,777
Operation of Non-Instructional Services	68,286
Extracurricular Activities	<u>4,001</u>
Total Depreciation Expense	<u>\$2,205,388</u>

7. LONG-TERM LIABILITIES

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

	Interest Rate	Beginning Balance	Issued	Retired	Ending Balance	Due in One Year
Governmental Activities:						
Bonds:						
1994 School Improvement I	7.3157	\$3,200,000	\$0	\$100,000	\$3,100,000	\$100,000
1994 School Improvement II	6.2490	2,280,000	0	595,000	1,685,000	715,000
1997 Refunding	6.5702	1,874,814	0	375,000	1,499,814	395,000
1997 Energy Conservation	5.2270	1,240,000	0	390,000	850,000	415,000
2001 School Improvement Refunding	4.8600	<u>32,200,841</u>	<u>0</u>	<u>555,000</u>	<u>31,645,841</u>	<u>570,000</u>
Total Bonds		40,795,655	0	2,015,000	38,780,655	2,195,000
Capital Lease		<u>259,268</u>	<u>0</u>	<u>173,619</u>	<u>85,649</u>	<u>85,649</u>
Total Long Term Debt		41,054,923	0	2,188,619	38,866,304	2,280,649
Compensated Absences		<u>7,708,909</u>	<u>1,079,805</u>	<u>513,314</u>	<u>8,275,400</u>	<u>713,831</u>
Total Governmental Activities		<u>\$48,763,832</u>	<u>\$1,079,805</u>	<u>\$2,701,933</u>	<u>\$47,141,704</u>	<u>\$2,994,480</u>

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

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

BONDED DEBT

Fiscal Year Ending June 30	Bond Principal	Bond Interest	Total
2006	\$2,195,000	\$1,971,911	\$4,166,911
2007	2,495,000	1,851,586	4,346,586
2008	2,210,000	1,740,974	3,950,974
2009	1,979,664	2,047,954	4,027,618
2010	2,265,150	752,220	3,017,370
2011-2015	7,935,841	12,153,840	20,089,681
2016-2020	15,690,000	3,346,972	19,036,972
2021	<u>4,010,000</u>	<u>107,769</u>	<u>4,117,769</u>
TOTAL	<u>\$38,780,655</u>	<u>\$23,973,226</u>	<u>\$62,753,881</u>

8. PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District's financial statements. On June 30, 2005, \$34.365 million of bonds outstanding are considered defeased.

9. CAPITAL LEASES

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Long-Term</u> <u>Debt</u>
2006	<u>\$88,647</u>
Total Minimum Lease Payments	88,647
Less: Amount Representing Interest	<u>(2,998)</u>
Present Value of Minimum Lease Payments	<u>\$85,649</u>

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

Equipment	\$566,831
-----------	-----------

10. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,739,904, \$1,659,252, and \$1,516,788, respectively; 49.8% has been contributed for fiscal year 2005 and 100% for fiscal year 2004 and 2003.

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, 2005, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2005, 2004, and 2003 were \$5,140,992, \$5,092,584, and \$4,401,696, respectively; 84.8% has been contributed for fiscal year 2005 and 100% for fiscal year 2004 and 2003.

11. POST EMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$367,214 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, School District paid \$610,209 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

12. CONTINGENT LIABILITIES

GRANTS

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2005.

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.

13. RISK MANAGEMENT

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

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

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

14. 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.

15. JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Computer Association

Southwestern Ohio Computer Association (SWOCA) is a jointly governed organization among a three county consortium of school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board consists of one representative from each of the participating 31 school districts.

Butler Technology and Career Development Schools

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

16. COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit in fund balance:

General Fund:	\$1,023,851
Special Revenue Funds:	
Title VI B Pre-school	26,465
Title I	8,594
Title VI	93
Food Service	91,703

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.

17. 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, 2005, 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, 2004	(\$116,791)	\$ 0	\$203,843
Current Year set-aside Requirements	1,300,603	1,300,603	0
Current Year Offsets	0	(30,604,432)	0
Qualifying Disbursements	<u>(1,421,109)</u>	<u>(1,087,157)</u>	<u>0</u>
Total	<u>(\$237,297)</u>	<u>(\$30,390,986)</u>	<u>\$203,843</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$237,297)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Set-aside Reserve Balance as of June 30, 2005	<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, 2005, the Board had not acted on the Senate Bill requirements to eliminate the reserve balance.

18. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2005, consisted of the following individual fund receivables and payables:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$614,524	\$0	\$0	\$449,565
Debt Service Fund	0	0	449,565	0
Other Governmental Funds	<u>0</u>	<u>614,524</u>	<u>0</u>	<u>0</u>
Total All Funds	<u>\$614,524</u>	<u>\$614,524</u>	<u>\$449,565</u>	<u>\$449,565</u>

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

19. CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT

For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures". GASB 40 establishes and modifies disclosure requirements related to investment risk: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments.

For 2005, the District has implemented GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers." This Bulletin addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment (OPEB) plans.

The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and nonmajor funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Nonmajor</u>
Fund Balances, June 30, 2004	(\$1,682,954)	\$1,052,292
GASB Technical Bulletin No. 2004-2	<u>(491,709)</u>	<u>(85,767)</u>
Restated Fund Balance, June 30, 2004	<u>(\$2,174,663)</u>	<u>\$966,525</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, 2005

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$33,958,357	\$34,313,855	\$34,313,855	\$0
Tuition and Fees	678,505	685,608	685,608	0
Investment Earnings	192,591	194,607	194,607	0
Intergovernmental	27,703,318	27,993,335	27,993,335	0
Extracurricular Activities	97,511	98,532	98,532	0
Other Revenues	992,627	1,003,018	1,003,018	0
Total Revenues	63,622,909	64,288,955	64,288,955	0
Expenditures:				
Current:				
Instruction:				
Regular	33,216,436	32,662,050	32,662,050	0
Special	5,170,732	5,084,432	5,084,432	0
Vocational	79,858	78,525	78,525	0
Other	1,715,387	1,686,757	1,686,757	0
Support Services:				
Pupil	2,418,122	2,377,763	2,377,763	0
Instructional Staff	4,240,995	4,170,212	4,170,212	0
General Administration	19,888	19,556	19,556	0
School Administration	4,864,410	4,783,222	4,783,222	0
Fiscal	1,215,606	1,195,317	1,195,317	0
Business	321,519	316,153	316,153	0
Operations and Maintenance	6,658,041	6,546,917	6,546,917	0
Pupil Transportation	4,963,422	4,880,582	4,880,582	0
Central	95,662	94,065	94,065	0
Extracurricular Activities	1,100,164	1,081,802	1,081,802	0
Debt Service:				
Principal Retirement	173,619	173,619	173,619	0
Interest and Fiscal Charges	10,288	7,219	7,219	0
Total Expenditures	66,264,149	65,158,191	65,158,191	0
Excess of Revenues Over (Under) Expenditures	(2,641,240)	(869,236)	(869,236)	0
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	396	400	400	0
Advances In	1,056,992	1,068,057	1,068,057	0
Advances (Out)	(624,955)	(614,524)	(614,524)	0
Transfers (Out)	(457,196)	(449,565)	(449,565)	0
Total Other Financing Sources (Uses)	(24,763)	4,368	4,368	0
Net Change in Fund Balance	(2,666,003)	(864,868)	(864,868)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,826,229	4,826,229	4,826,229	0
Fund Balance End of Year	\$2,160,226	\$3,961,361	\$3,961,361	\$0

See accompanying notes to the required supplementary information.

FAIRFIELD CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2005

1. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. During the course of fiscal 2005, the District amended its budget at several times, however none were significant.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2005.

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$1,150,812
Net Adjustment for Revenue Accruals	(435,387)
Net Adjustment for Expenditure Accruals	(626,435)
Encumbrances	(953,858)
Budget Basis	<u><u>(\$864,868)</u></u>

This Page is Intentionally Left Blank.

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

NONMAJOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SCHOOLNET: To account for the purchase of technology used for instructional purposes.

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

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

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

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

Fairfield City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,304,041	\$1,442,413	\$2,746,454
Receivables:			
Taxes	0	2,598,243	2,598,243
Accounts	30,158	0	30,158
Interest	130	0	130
Intergovernmental	504,162	0	504,162
Inventory	31,531	0	31,531
Total Assets	1,870,022	4,040,656	5,910,678
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	167,062	354,175	521,237
Accrued Wages and Benefits	680,350	0	680,350
Interfund Payable	184,524	430,000	614,524
Deferred Revenue	80,924	2,546,419	2,627,343
Total Liabilities	1,112,860	3,330,594	4,443,454
Fund Balances:			
Reserved for Encumbrances	140,955	855,829	996,784
Reserved for Inventory	31,531	0	31,531
Reserved for Property Tax Advances	0	51,824	51,824
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	584,676	0	584,676
Capital Projects Funds	0	(197,591)	(197,591)
Total Fund Balances	757,162	710,062	1,467,224
Total Liabilities and Fund Balances	\$1,870,022	\$4,040,656	\$5,910,678

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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$0	\$2,323,801	\$2,323,801
Investment Earnings	1,769	0	1,769
Intergovernmental	4,142,011	372,004	4,514,015
Extracurricular Activities	245,849	0	245,849
Charges for Services	3,284,501	0	3,284,501
Other Revenues	341,111	0	341,111
Total Revenues	8,015,241	2,695,805	10,711,046
Expenditures:			
Current:			
Instruction:			
Regular	435,690	413,210	848,900
Special	1,032,060	0	1,032,060
Support Services:			
Pupil	1,061,819	0	1,061,819
Instructional Staff	438,567	0	438,567
School Administration	164,472	0	164,472
Fiscal	0	34,204	34,204
Business	28,016	0	28,016
Operations and Maintenance	24,572	0	24,572
Pupil Transportation	6,424	0	6,424
Operation of Non-Instructional Services	4,714,290	0	4,714,290
Extracurricular Activities	229,501	0	229,501
Capital Outlay	0	1,702,522	1,702,522
Total Expenditures	8,135,411	2,149,936	10,285,347
Excess of Revenues Over (Under) Expenditures	(120,170)	545,869	425,699
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	0	75,000	75,000
Total Other Financing Sources (Uses)	0	75,000	75,000
Net Change in Fund Balance	(120,170)	620,869	500,699
Fund Balance Beginning of Year, As Restated	877,332	89,193	966,525
Fund Balance End of Year	\$757,162	\$710,062	\$1,467,224

THIS PAGE INTENTIONALLY LEFT BLANK

Fairfield City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Public School Support	Spring Recognition	Extracurricular Student Activities	Auxiliary Services
Assets:				
Equity in Pooled Cash and Investments	\$200,337	\$33,840	\$115,267	\$223,488
Receivables:				
Accounts	8,917	0	195	0
Interest	0	0	0	103
Intergovernmental	0	0	0	0
Inventory	0	0	0	0
Total Assets	209,254	33,840	115,462	223,591
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	4,456	3,749	3,656	108,889
Accrued Wages and Benefits	0	0	0	46,225
Interfund Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	4,456	3,749	3,656	155,114
Fund Balances:				
Reserved for Encumbrances	2,046	2,083	1,347	35,614
Reserved for Inventory	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	202,752	28,008	110,459	32,863
Total Fund Balances	204,798	30,091	111,806	68,477
Total Liabilities and Fund Balances	\$209,254	\$33,840	\$115,462	\$223,591

Management Information	Public School Pre-School	Entry Year Grant	SchoolNet OneNet	SchoolNet Professional Development	Ohio Reads	Summer Intervention
\$0	\$0	\$2,415	\$0	\$1,506	\$466	\$18,304
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	20,686
0	0	0	0	0	0	0
0	0	2,415	0	1,506	466	38,990
0	0	2,411	0	0	322	0
0	0	0	0	0	0	1,517
0	0	0	0	0	0	19,174
0	0	0	0	0	0	0
0	0	2,411	0	0	322	20,691
0	0	0	0	0	8	18,305
0	0	0	0	0	0	0
0	0	4	0	1,506	136	(6)
0	0	4	0	1,506	144	18,299
\$0	\$0	\$2,415	\$0	\$1,506	\$466	\$38,990

Continued

Fairfield City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	School Security	Title VI B Pre-School	Title III	Title I
Assets:				
Equity in Pooled Cash and Investments	\$2,757	\$9,499	\$3,449	\$64,169
Receivables:				
Accounts	0	0	0	0
Interest	0	0	0	0
Intergovernmental	4,362	275,747	14,224	31,493
Inventory	0	0	0	0
Total Assets	7,119	285,246	17,673	95,662
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	58	5,626	3,426	4,570
Accrued Wages and Benefits	0	221,720	0	71,713
Interfund Payable	0	45,415	12,492	22,769
Deferred Revenue	4,362	38,950	1,755	5,204
Total Liabilities	4,420	311,711	17,673	104,256
Fund Balances:				
Reserved for Encumbrances	2,071	3,872	22	24,869
Reserved for Inventory	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	628	(30,337)	(22)	(33,463)
Total Fund Balances	2,699	(26,465)	0	(8,594)
Total Liabilities and Fund Balances	\$7,119	\$285,246	\$17,673	\$95,662

Title VI	Drug Free Schools	Pre-School Disabilities	Telecom Act	Classroom Size Reduction	Miscellaneous Federal	Food Service
\$2,574	\$15,801	\$0	\$39,106	\$11,324	\$2,763	\$59,711
0	0	0	0	0	0	1,738
0	0	0	0	0	0	27
12,423	24,622	0	0	62,065	6,393	52,147
0	0	0	0	0	0	31,531
14,997	40,423	0	39,106	73,389	9,156	145,154
1,068	5,853	0	0	3,990	0	3,528
6,763	0	0	0	12,281	0	233,329
2,264	12,016	0	0	22,946	5,502	0
4,995	8,567	0	0	16,200	891	0
15,090	26,436	0	0	55,417	6,393	236,857
1,507	9,946	0	0	7,334	763	14,943
0	0	0	0	0	0	31,531
(1,600)	4,041	0	39,106	10,638	2,000	(138,177)
(93)	13,987	0	39,106	17,972	2,763	(91,703)
\$14,997	\$40,423	\$0	\$39,106	\$73,389	\$9,156	\$145,154

Continued

Fairfield City School District, Ohio
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2005

	Uniform School Supply	Latchkey	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Investments	\$241,916	\$255,349	\$1,304,041
Receivables:			
Accounts	8,464	10,844	30,158
Interest	0	0	130
Intergovernmental	0	0	504,162
Inventory	0	0	31,531
Total Assets	250,380	266,193	1,870,022
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	9,393	6,067	167,062
Accrued Wages and Benefits	0	86,802	680,350
Interfund Payable	0	41,946	184,524
Deferred Revenue	0	0	80,924
Total Liabilities	9,393	134,815	1,112,860
Fund Balances:			
Reserved for Encumbrances	11,611	4,614	140,955
Reserved for Inventory	0	0	31,531
Unreserved, Undesignated, Reported in: Special Revenue Funds	229,376	126,764	584,676
Total Fund Balances	240,987	131,378	757,162
Total Liabilities and Fund Balances	\$250,380	\$266,193	\$1,870,022

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2005

	Public School Support	Spring Recognition	Extracurricular Student Activities	Auxiliary Services
Revenues:				
Investment Earnings	\$0	\$0	\$0	\$987
Intergovernmental	0	0	0	707,523
Extracurricular Activities	50,800	0	195,049	0
Charges for Services	0	0	0	0
Other Revenues	264,918	39,642	25,161	0
Total Revenues	315,718	39,642	220,210	708,510
Expenditures:				
Current:				
Instruction:				
Regular	0	30,902	0	0
Special	0	0	0	0
Support Services:				
Pupil	325,811	0	0	0
Instructional Staff	0	6,552	0	0
School Administration	0	0	0	0
Business	0	0	0	0
Operations and Maintenance	935	0	0	0
Pupil Transportation	643	0	0	0
Operation of Non-Instructional Services	0	0	0	707,105
Extracurricular Activities	0	0	229,501	0
Total Expenditures	327,389	37,454	229,501	707,105
Excess of Revenues Over (Under) Expenditures	(11,671)	2,188	(9,291)	1,405
Net Change in Fund Balance	(11,671)	2,188	(9,291)	1,405
Fund Balance Beginning of Year, As Restated	216,469	27,903	121,097	67,072
Fund Balance End of Year	\$204,798	\$30,091	\$111,806	\$68,477

Management Information	Public School Pre-School	Entry Year Grant	SchoolNet OneNet	SchoolNet Professional Development	Ohio Reads	Summer Intervention
\$0	\$0	\$0	\$0	\$0	\$0	\$0
28,016	0	15,400	27,000	6,750	39,500	180,191
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
28,016	0	15,400	27,000	6,750	39,500	180,191
0	3,001	18,776	27,000	11,994	37,268	94,761
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	2,692	73,523
0	0	0	0	0	0	0
28,016	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
28,016	3,001	18,776	27,000	11,994	39,960	168,284
0	(3,001)	(3,376)	0	(5,244)	(460)	11,907
0	(3,001)	(3,376)	0	(5,244)	(460)	11,907
0	3,001	3,380	0	6,750	604	6,392
\$0	\$0	\$4	\$0	\$1,506	\$144	\$18,299

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, 2005

	School Security	Title VI B Pre-School	Title III	Title I
Revenues:				
Investment Earnings	\$0	\$0	\$0	\$0
Intergovernmental	8,818	1,752,462	63,448	415,993
Extracurricular Activities	0	0	0	0
Charges for Services	0	0	0	0
Other Revenues	546	0	0	0
Total Revenues	9,364	1,752,462	63,448	415,993
Expenditures:				
Current:				
Instruction:				
Regular	5,944	1,699	65,606	0
Special	0	699,676	0	332,384
Support Services:				
Pupil	16,435	686,824	0	0
Instructional Staff	0	178,401	16,719	69,020
School Administration	546	163,926	0	0
Business	0	0	0	0
Operations and Maintenance	0	0	0	0
Pupil Transportation	0	0	0	0
Operation of Non-Instructional Services	0	26,834	529	0
Extracurricular Activities	0	0	0	0
Total Expenditures	22,925	1,757,360	82,854	401,404
Excess of Revenues Over (Under) Expenditures	(13,561)	(4,898)	(19,406)	14,589
Net Change in Fund Balance	(13,561)	(4,898)	(19,406)	14,589
Fund Balance Beginning of Year, As Restated	16,260	(21,567)	19,406	(23,183)
Fund Balance End of Year	\$2,699	(\$26,465)	\$0	(\$8,594)

Title VI	Drug Free Schools	Pre-School Disabilities	Telecom Act	Classroom Size Reduction	Miscellaneous Federal	Food Service
\$0	\$0	\$0	\$0	\$0	\$0	\$782
45,235	30,235	22,149	0	206,438	26,406	566,447
0	0	0	0	0	0	0
0	0	0	0	0	0	2,057,579
0	0	0	0	0	0	0
45,235	30,235	22,149	0	206,438	26,406	2,624,808
40,265	5,494	0	0	87,198	913	0
0	0	0	0	0	0	0
250	1,599	27,860	0	0	3,040	0
700	8,604	0	0	74,946	7,410	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	6,520	0	17,117	0
0	5,781	0	0	0	0	0
3,712	6,030	0	0	20,407	500	2,710,093
0	0	0	0	0	0	0
44,927	27,508	27,860	6,520	182,551	28,980	2,710,093
308	2,727	(5,711)	(6,520)	23,887	(2,574)	(85,285)
308	2,727	(5,711)	(6,520)	23,887	(2,574)	(85,285)
(401)	11,260	5,711	45,626	(5,915)	5,337	(6,418)
(\$93)	\$13,987	\$0	\$39,106	\$17,972	\$2,763	(\$91,703)

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, 2005

	Uniform School Supply	Latchkey	Total Nonmajor Special Revenue Funds
Revenues:			
Investment Earnings	\$0	\$0	\$1,769
Intergovernmental	0	0	4,142,011
Extracurricular Activities	0	0	245,849
Charges for Services	449,884	777,038	3,284,501
Other Revenues	0	10,844	341,111
Total Revenues	449,884	787,882	8,015,241
Expenditures:			
Current:			
Instruction:			
Regular	4,869	0	435,690
Special	0	0	1,032,060
Support Services:			
Pupil	0	0	1,061,819
Instructional Staff	0	0	438,567
School Administration	0	0	164,472
Business	0	0	28,016
Operations and Maintenance	0	0	24,572
Pupil Transportation	0	0	6,424
Operation of Non-Instructional Services	368,056	871,024	4,714,290
Extracurricular Activities	0	0	229,501
Total Expenditures	372,925	871,024	8,135,411
Excess of Revenues Over (Under) Expenditures	76,959	(83,142)	(120,170)
Net Change in Fund Balance	76,959	(83,142)	(120,170)
Fund Balance Beginning of Year, As Restated	164,028	214,520	877,332
Fund Balance End of Year	\$240,987	\$131,378	\$757,162

Fairfield City School District, Ohio
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2005

	Permanent Improvement	SchoolNet	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,442,413	\$0	\$1,442,413
Receivables:			
Taxes	2,598,243	0	2,598,243
Total Assets	4,040,656	0	4,040,656
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	354,175	0	354,175
Interfund Payable	430,000	0	430,000
Deferred Revenue	2,546,419	0	2,546,419
Total Liabilities	3,330,594	0	3,330,594
Fund Balances:			
Reserved for Encumbrances	855,829	0	855,829
Reserved for Property Tax Advances	51,824	0	51,824
Unreserved, Undesignated, Reported in: Capital Projects Funds	(197,591)	0	(197,591)
Total Fund Balances	710,062	0	710,062
Total Liabilities and Fund Balances	\$4,040,656	\$0	\$4,040,656

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, 2005

	Permanent Improvement	SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:			
Taxes	\$2,323,801	\$0	\$2,323,801
Intergovernmental	290,734	81,270	372,004
Total Revenues	2,614,535	81,270	2,695,805
Expenditures:			
Current:			
Instruction:			
Regular	331,940	81,270	413,210
Support Services:			
Fiscal	34,204	0	34,204
Capital Outlay	1,702,522	0	1,702,522
Total Expenditures	2,068,666	81,270	2,149,936
Excess of Revenues Over (Under) Expenditures	545,869	0	545,869
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	75,000	0	75,000
Total Other Financing Sources (Uses)	75,000	0	75,000
Net Change in Fund Balance	620,869	0	620,869
Fund Balance Beginning of Year, As Restated	89,193	0	89,193
Fund Balance End of Year	\$710,062	\$0	\$710,062

Fairfield City School District, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2005

	Unclaimed Monies			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$21,431	\$148	\$0	\$21,579
Total Assets	21,431	148	0	21,579

Liabilities:				
Other Liabilities	21,431	148	0	21,579
Total Liabilities	\$21,431	\$148	\$0	\$21,579

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$107,436	\$7,037	\$9,642	\$104,831
Receivables:				
Accounts	2,117	602	2,117	602
Total Assets	109,553	7,639	11,759	105,433

Liabilities:				
Accounts Payable	3,786	3,251	3,786	3,251
Other Liabilities	105,767	4,388	7,973	102,182
Total Liabilities	\$109,553	\$7,639	\$11,759	\$105,433

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$128,867	\$7,185	\$9,642	\$126,410
Receivables:				
Accounts	2,117	602	2,117	602
Total Assets	130,984	7,787	11,759	127,012

Liabilities:				
Accounts Payable	3,786	3,251	3,786	3,251
Other Liabilities	127,198	4,536	7,973	123,761
Total Liabilities	\$130,984	\$7,787	\$11,759	\$127,012

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, 2005

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$50,840	\$50,644	\$50,644	\$0
Other Revenues	257,985	256,990	256,990	0
Total Revenues	308,825	307,634	307,634	0
Expenditures:				
Current:				
Support Services:				
Pupil	349,765	331,200	331,200	0
Operations and Maintenance	988	936	936	0
Pupil Transportation	679	643	643	0
Total Expenditures	351,432	332,779	332,779	0
Excess of Revenues Over (Under) Expenditures	(42,607)	(25,145)	(25,145)	0
Net Change in Fund Balance	(42,607)	(25,145)	(25,145)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	220,982	220,982	220,982	0
Fund Balance End of Year	\$178,375	\$195,837	\$195,837	\$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, 2005

	Spring Recognition Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$8,590	\$39,642	\$39,642	\$0
Total Revenues	8,590	39,642	39,642	0
Expenditures:				
Current:				
Instruction:				
Regular	24,001	34,090	34,090	0
Support Services:				
Instructional Staff	3,635	5,163	5,163	0
Total Expenditures	27,636	39,253	39,253	0
Excess of Revenues Over (Under) Expenditures	(19,046)	389	389	0
Net Change in Fund Balance	(19,046)	389	389	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	29,147	29,147	29,147	0
Fund Balance End of Year	\$10,101	\$29,536	\$29,536	\$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, 2005

	Extracurricular Student Activities Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$221,067	\$195,420	\$195,420	\$0
Other Revenues	29,288	25,890	25,890	0
Total Revenues	250,355	221,310	221,310	0
Expenditures:				
Current:				
Extracurricular Activities	76,912	230,441	230,441	0
Total Expenditures	76,912	230,441	230,441	0
Excess of Revenues Over (Under) Expenditures	173,443	(9,131)	(9,131)	0
Other financing sources (uses):				
Advances (Out)	(322)	(965)	(965)	0
Transfers In	29,865	26,400	26,400	0
Transfers (Out)	(8,811)	(26,400)	(26,400)	0
Total Other Financing Sources (Uses)	20,732	(965)	(965)	0
Net Change in Fund Balance	194,175	(10,096)	(10,096)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	121,857	121,857	121,857	0
Fund Balance End of Year	\$316,032	\$111,761	\$111,761	\$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, 2005

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$904	\$904	\$0
Intergovernmental	31	707,523	707,523	0
Total Revenues	31	708,427	708,427	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	93,686	754,045	754,045	0
Total Expenditures	93,686	754,045	754,045	0
Excess of Revenues Over (Under) Expenditures	(93,655)	(45,618)	(45,618)	0
Other financing sources (uses):				
Transfers In	3	66,384	66,384	0
Transfers (Out)	(8,248)	(66,384)	(66,384)	0
Total Other Financing Sources (Uses)	(8,245)	0	0	0
Net Change in Fund Balance	(101,900)	(45,618)	(45,618)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	124,602	124,602	124,602	0
Fund Balance End of Year	\$22,702	\$78,984	\$78,984	\$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, 2005

	Management Information Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$28,016	\$28,016	\$0
Total Revenues	0	28,016	28,016	0
Expenditures:				
Current:				
Support Services:				
Business	0	28,016	28,016	0
Total Expenditures	0	28,016	28,016	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Fairfield City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Public School Pre-School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$86,011	\$0	\$0	\$0
Total Revenues	86,011	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	86,011	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$86,011	\$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, 2005

	Entry Year Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$15,400	\$15,400	\$0
Total Revenues	0	15,400	15,400	0
Expenditures:				
Current:				
Instruction:				
Regular	3,300	22,819	22,819	0
Total Expenditures	3,300	22,819	22,819	0
Excess of Revenues Over (Under) Expenditures	(3,300)	(7,419)	(7,419)	0
Net Change in Fund Balance	(3,300)	(7,419)	(7,419)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,423	7,423	7,423	0
Fund Balance End of Year	\$4,123	\$4	\$4	\$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, 2005

	SchoolNet OneNet Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$27,000	\$27,000	\$0
Total Revenues	0	27,000	27,000	0
Expenditures:				
Current:				
Instruction:				
Regular	0	27,000	27,000	0
Total Expenditures	0	27,000	27,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Fairfield City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	SchoolNet Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$6,750	\$6,750	\$0
Total Revenues	0	6,750	6,750	0
Expenditures:				
Current:				
Instruction:				
Regular	6,750	11,994	11,994	0
Total Expenditures	6,750	11,994	11,994	0
Net Change in Fund Balance	(6,750)	(5,244)	(5,244)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,750	6,750	6,750	0
Fund Balance End of Year	\$0	\$1,506	\$1,506	\$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, 2005

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$31,500	\$39,500	\$39,500	\$0
Total Revenues	31,500	39,500	39,500	0
Expenditures:				
Current:				
Instruction:				
Regular	336	39,902	39,902	0
Support Services:				
Instructional Staff	23	2,692	2,692	0
Total Expenditures	359	42,594	42,594	0
Net Change in Fund Balance	31,141	(3,094)	(3,094)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,229	3,229	3,229	0
Fund Balance End of Year	\$34,370	\$135	\$135	\$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, 2005

	Summer Intervention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$167,669	\$166,314	\$166,314	\$0
Total Revenues	167,669	166,314	166,314	0
Expenditures:				
Current:				
Instruction:				
Regular	3,896	113,066	113,066	0
Support Services:				
Instructional Staff	2,481	72,006	72,006	0
Total Expenditures	6,377	185,072	185,072	0
Excess of Revenues Over (Under) Expenditures	161,292	(18,758)	(18,758)	0
Other financing sources (uses):				
Advances In	19,330	19,174	19,174	0
Advances (Out)	(14)	(416)	(416)	0
Total Other Financing Sources (Uses)	19,316	18,758	18,758	0
Net Change in Fund Balance	180,608	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$180,608	\$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, 2005

	School Security Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$4,108	\$8,818	\$8,818	\$0
Other Revenues	254	546	546	0
Total Revenues	4,362	9,364	9,364	0
Expenditures:				
Current:				
Instruction:				
Regular	6,613	8,015	8,015	0
Support Services:				
Pupil	13,560	16,435	16,435	0
School Administration	450	546	546	0
Total Expenditures	20,623	24,996	24,996	0
Net Change in Fund Balance	(16,261)	(15,632)	(15,632)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	16,261	16,261	16,261	0
Fund Balance End of Year	\$0	\$629	\$629	\$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, 2005

	Title VI B Pre-School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,997,381	\$1,771,483	\$1,771,483	\$0
Total Revenues	1,997,381	1,771,483	1,771,483	0
Expenditures:				
Current:				
Instruction:				
Regular	143	1,699	1,699	0
Special	57,064	678,053	678,053	0
Support Services:				
Pupil	57,696	685,561	685,561	0
Instructional Staff	14,267	169,523	169,523	0
School Administration	12,996	154,427	154,427	0
Pupil Transportation	42	500	500	0
Operation of Non-Instructional Services	2,279	27,074	27,074	0
Total Expenditures	144,487	1,716,837	1,716,837	0
Excess of Revenues Over (Under) Expenditures	1,852,894	54,646	54,646	0
Other financing sources (uses):				
Advances In	51,206	45,415	45,415	0
Advances (Out)	(8,936)	(106,181)	(106,181)	0
Total Other Financing Sources (Uses)	42,270	(60,766)	(60,766)	0
Net Change in Fund Balance	1,895,164	(6,120)	(6,120)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,120	6,120	6,120	0
Fund Balance End of Year	\$1,901,284	\$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, 2005

	Title III Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$61,989	\$69,466	\$69,466	\$0
Total Revenues	61,989	69,466	69,466	0
Expenditures:				
Current:				
Instruction:				
Regular	1,767	69,018	69,018	0
Support Services:				
Instructional Staff	433	16,893	16,893	0
Operation of Non-Instructional Services	14	529	529	0
Total Expenditures	2,214	86,440	86,440	0
Excess of Revenues Over (Under) Expenditures	59,775	(16,974)	(16,974)	0
Other financing sources (uses):				
Advances In	11,147	12,492	12,492	0
Advances (Out)	(483)	(18,873)	(18,873)	0
Transfers In	46	52	52	0
Transfers (Out)	(1)	(52)	(52)	0
Total Other Financing Sources (Uses)	10,709	(6,381)	(6,381)	0
Net Change in Fund Balance	70,484	(23,355)	(23,355)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	23,355	23,355	23,355	0
Fund Balance End of Year	\$93,839	\$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, 2005

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$358,330	\$414,155	\$414,155	\$0
Total Revenues	358,330	414,155	414,155	0
Expenditures:				
Current:				
Instruction:				
Special	33,245	337,514	337,514	0
Support Services:				
Instructional Staff	9,381	95,239	95,239	0
Total Expenditures	42,626	432,753	432,753	0
Excess of Revenues Over (Under) Expenditures	315,704	(18,598)	(18,598)	0
Other financing sources (uses):				
Advances In	19,700	22,769	22,769	0
Transfers In	20,250	23,405	23,405	0
Transfers (Out)	(2,305)	(23,405)	(23,405)	0
Total Other Financing Sources (Uses)	37,645	22,769	22,769	0
Net Change in Fund Balance	353,349	4,171	4,171	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	30,562	30,562	30,562	0
Fund Balance End of Year	\$383,911	\$34,733	\$34,733	\$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, 2005

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$54,067	\$45,968	\$45,968	\$0
Total Revenues	54,067	45,968	45,968	0
Expenditures:				
Current:				
Instruction:				
Regular	9,926	40,567	40,566	1
Support Services:				
Pupil	61	250	250	0
Instructional Staff	171	700	700	0
Operation of Non-Instructional Services	1,649	6,737	6,737	0
Total Expenditures	11,807	48,254	48,253	1
Excess of Revenues Over (Under) Expenditures	42,260	(2,286)	(2,285)	1
Other financing sources (uses):				
Advances In	2,663	2,264	2,264	0
Advances (Out)	(416)	(1,700)	(1,700)	0
Transfers In	1,661	1,412	1,412	0
Transfers (Out)	(346)	(1,412)	(1,412)	0
Total Other Financing Sources (Uses)	3,562	564	564	0
Net Change in Fund Balance	45,822	(1,722)	(1,721)	1
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,722	1,722	1,722	0
Fund Balance End of Year	\$47,544	\$0	\$1	\$1

Fairfield City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Drug Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$19,797	\$14,180	\$14,180	\$0
Total Revenues	19,797	14,180	14,180	0
Expenditures:				
Current:				
Instruction:				
Regular	2,561	7,929	7,929	0
Support Services:				
Pupil	516	1,599	1,599	0
Instructional Staff	5,192	16,077	16,076	1
Pupil Transportation	1,867	5,781	5,781	0
Operation of Non-Instructional Services	1,961	6,070	6,070	0
Total Expenditures	12,097	37,456	37,455	1
Excess of Revenues Over (Under) Expenditures	7,700	(23,276)	(23,275)	1
Other financing sources (uses):				
Advances In	16,774	12,015	12,015	0
Transfers In	2,231	1,598	1,598	0
Transfers (Out)	(516)	(1,598)	(1,598)	0
Total Other Financing Sources (Uses)	18,489	12,015	12,015	0
Net Change in Fund Balance	26,189	(11,261)	(11,260)	1
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,261	11,261	11,261	0
Fund Balance End of Year	\$37,450	\$0	\$1	\$1

Fairfield City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Pre-School Disabilities Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$27,860	\$27,860	\$27,860	\$0
Total Revenues	27,860	27,860	27,860	0
Expenditures:				
Current:				
Support Services:				
Pupil	5,711	27,860	27,860	0
Total Expenditures	5,711	27,860	27,860	0
Net Change in Fund Balance	22,149	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$22,149	\$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, 2005

	Telecom Act Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Support Services:				
Operations and Maintenance	141	9,783	9,783	0
Total Expenditures	141	9,783	9,783	0
Net Change in Fund Balance	(141)	(9,783)	(9,783)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	48,889	48,889	48,889	0
Fund Balance End of Year	\$48,748	\$39,106	\$39,106	\$0

Fairfield City School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Classroom Size Reduction Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$201,565	\$175,184	\$175,184	\$0
Total Revenues	201,565	175,184	175,184	0
Expenditures:				
Current:				
Instruction:				
Regular	16,539	92,438	92,438	0
Support Services:				
Instructional Staff	15,462	86,415	86,415	0
Operation of Non-Instructional Services	4,941	27,618	27,618	0
Total Expenditures	36,942	206,471	206,471	0
Excess of Revenues Over (Under) Expenditures	164,623	(31,287)	(31,287)	0
Other financing sources (uses):				
Advances In	26,401	22,946	22,946	0
Transfers In	7,534	6,548	6,548	0
Transfers (Out)	(1,172)	(6,548)	(6,548)	0
Total Other Financing Sources (Uses)	32,763	22,946	22,946	0
Net Change in Fund Balance	197,386	(8,341)	(8,341)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,341	8,341	8,341	0
Fund Balance End of Year	\$205,727	\$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, 2005

	Miscellaneous Federal Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$13,771	\$27,381	\$27,381	\$0
Total Revenues	13,771	27,381	27,381	0
Expenditures:				
Current:				
Instruction:				
Regular	91	913	913	0
Support Services:				
Pupil	302	3,040	3,040	0
Instructional Staff	1,058	10,661	10,661	0
Operations and Maintenance	1,699	17,117	17,117	0
Operation of Non-Instructional Services	125	1,263	1,263	0
Total Expenditures	3,275	32,994	32,994	0
Excess of Revenues Over (Under) Expenditures	10,496	(5,613)	(5,613)	0
Other financing sources (uses):				
Advances In	2,767	5,502	5,502	0
Advances (Out)	(528)	(5,322)	(5,322)	0
Transfers In	598	1,188	1,188	0
Transfers (Out)	(118)	(1,188)	(1,188)	0
Total Other Financing Sources (Uses)	2,719	180	180	0
Net Change in Fund Balance	13,215	(5,433)	(5,433)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,432	7,432	7,432	0
Fund Balance End of Year	\$20,647	\$1,999	\$1,999	\$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, 2005

	Food Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$733	\$770	\$770	\$0
Intergovernmental	414,573	435,372	435,372	0
Charges for Services	1,961,869	2,060,294	2,060,294	0
Total Revenues	2,377,175	2,496,436	2,496,436	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	2,263,350	2,546,298	2,546,298	0
Total Expenditures	2,263,350	2,546,298	2,546,298	0
Net Change in Fund Balance	113,825	(49,862)	(49,862)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	92,189	92,189	92,189	0
Fund Balance End of Year	\$206,014	\$42,327	\$42,327	\$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, 2005

	Uniform School Supply Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$469,110	\$450,768	\$450,768	\$0
Total Revenues	469,110	450,768	450,768	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	451,040	389,060	389,060	0
Total Expenditures	451,040	389,060	389,060	0
Net Change in Fund Balance	18,070	61,708	61,708	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	159,204	159,204	159,204	0
Fund Balance End of Year	\$177,274	\$220,912	\$220,912	\$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, 2005

	Latchkey Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$814,665	\$786,216	\$786,216	\$0
Total Revenues	814,665	786,216	786,216	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	903,081	851,015	851,015	0
Total Expenditures	903,081	851,015	851,015	0
Excess of Revenues Over (Under) Expenditures	(88,416)	(64,799)	(64,799)	0
Other financing sources (uses):				
Advances In	43,465	41,947	41,947	0
Transfers In	18,620	17,970	17,970	0
Transfers (Out)	(19,069)	(17,970)	(17,970)	0
Total Other Financing Sources (Uses)	43,016	41,947	41,947	0
Net Change in Fund Balance	(45,400)	(22,852)	(22,852)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	267,662	267,662	267,662	0
Fund Balance End of Year	\$222,262	\$244,810	\$244,810	\$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, 2005

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,410,761	\$3,322,635	\$3,322,635	\$0
Intergovernmental	425,356	414,366	414,366	0
Total Revenues	3,836,117	3,737,001	3,737,001	0
Expenditures:				
Current:				
Support Services:				
Fiscal	48,593	48,568	48,568	0
Debt Service:				
Principal Retirement	2,015,000	2,015,000	2,015,000	0
Interest and Fiscal Charges	2,081,063	2,078,927	2,078,927	0
Total Expenditures	4,144,656	4,142,495	4,142,495	0
Excess of Revenues Over (Under) Expenditures	(308,539)	(405,494)	(405,494)	0
Other financing sources (uses):				
Transfers In	461,489	449,565	449,565	0
Total Other Financing Sources (Uses)	461,489	449,565	449,565	0
Net Change in Fund Balance	152,950	44,071	44,071	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,717,392	1,717,392	1,717,392	0
Fund Balance End of Year	\$1,870,342	\$1,761,463	\$1,761,463	\$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, 2005

	Permanent Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$1,915,309	\$2,339,815	\$2,339,815	\$0
Intergovernmental	237,987	290,734	290,734	0
Total Revenues	2,153,296	2,630,549	2,630,549	0
Expenditures:				
Current:				
Instruction:				
Regular	246,123	358,600	358,600	0
Support Services:				
Fiscal	23,476	34,204	34,204	0
Capital Outlay	1,817,399	2,647,945	2,647,945	0
Total Expenditures	2,086,998	3,040,749	3,040,749	0
Excess of Revenues Over (Under) Expenditures	66,298	(410,200)	(410,200)	0
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	61,393	75,000	75,000	0
Advances In	351,986	430,000	430,000	0
Advances (Out)	(641,456)	(934,600)	(934,600)	0
Total Other Financing Sources (Uses)	(228,077)	(429,600)	(429,600)	0
Net Change in Fund Balance	(161,779)	(839,800)	(839,800)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,080,292	1,080,292	1,080,292	0
Fund Balance End of Year	\$918,513	\$240,492	\$240,492	\$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, 2005

	SchoolNet Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$81,270	\$81,270	\$0
Total Revenues	0	81,270	81,270	0
Expenditures:				
Current:				
Instruction:				
Regular	0	81,270	81,270	0
Total Expenditures	0	81,270	81,270	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

**STATISTICAL
SECTION**

TABLE I

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

Fiscal Year	2003	2004	2005
Program Revenues: Charges for Services	\$3,904,777	\$3,461,933	\$4,646,285
Operating Grants and Contributions	3,488,922	4,031,923	4,609,654
Capital Grants and Contributions	371,354	69,562	155,397
General Revenues: Property Taxes Levied for: General Purposes	29,958,722	32,751,029	34,987,263
Debt Service	3,542,027	3,443,929	3,213,058
Capital Projects	876,679	1,735,554	2,265,014
Grants and Entitlements not Restricted to Specific Programs	28,185,190	28,956,635	28,193,385
Payment in Lieu of Taxes	376,955	1,216,215	683,216
Unrestricted Contributions	1,035	1,000	3,525
Investment Earnings	256,680	142,386	205,894
Other Revenues	666,926	1,267,747	515,832
Total Revenues	<u>\$71,629,267</u>	<u>\$77,077,913</u>	<u>\$79,478,523</u>

Source: Fairfield City School District

* - Only information for years 2003-2005 available

TABLE 2

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

Fiscal Year	2003	2004	2005
Instruction	\$41,503,349	\$43,328,693	\$42,058,146
Instructional Staff	3,841,480	5,144,223	4,698,600
Pupil	3,416,375	3,478,770	3,480,637
General Administration	28,263	16,609	19,433
School Administration	4,973,469	5,338,349	5,351,477
Business and Fiscal	1,498,458	1,664,248	1,695,719
Operations and Maintenance	6,887,083	6,759,627	6,666,556
Pupil Transportation	4,409,121	5,451,797	5,227,177
Central	167,298	142,874	90,831
Operation of Non-instructional Services	786,815	4,443,516	4,865,039
Extracurricular Activities	1,730,593	1,601,544	1,294,759
Interest and Fiscal Charges	2,280,456	2,184,076	2,077,167
Total Expenditures	<u>\$71,522,760</u>	<u>\$79,554,326</u>	<u>\$77,525,541</u>

Source: Fairfield City School District

* - Only information for years 2003-2005 available

TABLE 3

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

Fiscal Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Taxes	\$23,542,917	\$22,895,211	\$25,229,666	\$31,006,930	\$23,168,178	\$29,709,781	\$26,113,194	\$29,958,722	\$31,640,609	\$35,647,319
Intergovernmental	16,364,239	16,983,693	18,942,933	20,681,845	22,128,234	24,505,849	27,391,512	28,984,677	29,075,944	27,993,335
Investment Revenue	519,371	479,262	662,016	702,000	832,157	956,177	464,507	255,060	140,998	204,125
Tuition and Fees	71,359	137,403	58,257	470,788	556,470	634,581	330,711	626,921	804,328	843,709
Extracurricular Activities	0	0	0	0	0	0	0	0	0	98,702
Other Revenues	219,631	647,532	592,798	645,958	914,976	1,162,824	889,109	694,597	1,550,511	1,005,209
Total Revenues	\$40,717,517	\$41,143,101	\$45,485,670	\$53,507,521	\$47,600,015	\$56,969,212	\$55,189,033	\$60,519,977	\$63,212,390	\$65,792,399

Source: Fairfield City School District

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

Fiscal Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Instruction	\$23,041,650	\$25,346,258	\$24,849,129	\$25,987,542	\$29,300,058	\$32,246,734	\$33,912,841	\$37,616,360	\$39,457,455	\$38,250,420
Instructional Staff	732,289	929,303	2,757,639	2,842,175	2,725,177	3,117,836	3,401,400	3,610,007	4,676,600	4,209,833
Pupil	2,082,312	2,167,146	2,021,150	2,022,078	2,226,160	2,373,845	2,367,578	2,759,958	2,601,234	2,289,596
General Administration	0	0	0	20,420	26,607	34,753	16,742	28,263	16,609	19,433
School Administration	3,283,159	3,488,841	4,195,284	4,581,810	3,852,058	4,373,301	4,276,626	4,779,212	5,173,700	5,209,700
Business and Fiscal	881,229	1,136,256	866,706	1,039,629	1,138,690	1,235,698	1,329,854	1,376,994	1,541,472	1,633,589
Operations and Maintenance	4,016,899	3,842,578	5,011,132	5,271,078	5,711,425	6,236,374	6,113,978	6,678,201	6,654,265	6,366,314
Pupil Transportation	3,042,276	2,750,733	3,037,532	2,805,811	3,253,094	3,758,817	3,783,856	5,001,284	4,970,879	4,886,118
Central	0	0	0	40,956	151,210	129,012	152,437	162,815	140,618	89,054
Operation of Non-instructional Services	263,539	98,951	75,678	0	0	0	0	7	0	0
Extracurricular Activities	634,167	681,623	914,973	972,824	1,038,782	1,136,225	1,174,693	1,465,018	1,341,652	1,057,527
Capital Outlay	0	0	0	114,123	163,202	0	0	0	256,795	0
Debt Service	1,564,912	427,994	798,728	114,431	143,580	0	0	129,066	199,275	180,838
Total Expenditures	\$39,542,432	\$40,869,683	\$44,527,951	\$45,812,877	\$49,730,043	\$54,642,595	\$56,530,005	\$63,607,185	\$67,030,554	\$64,192,422

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

TABLE 5

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
1996	\$26,744,006	\$26,138,134	97.73%	\$592,836	\$26,730,970	99.95%	\$250,239	0.94%
1997	26,779,589	25,463,240	95.08%	572,190	26,035,430	97.22%	894,092	3.34%
1998	26,906,274	26,602,692	98.87%	719,216	27,321,908	101.54%	478,455	1.78%
1999	29,675,294	29,465,697	99.29%	544,961	30,010,658	101.13%	143,091	0.48%
2000	31,344,392	30,090,084	96.00%	769,186	30,859,269	98.45%	1,690,358	5.39%
2001	31,800,460	30,919,285	97.23%	852,116	31,771,401	99.91%	1,194,767	3.76%
2002	34,128,644	34,175,938	100.14%	962,068	35,138,006	102.96%	185,405	0.54%
2003	36,880,825	35,653,905	96.67%	998,758	36,652,663	99.38%	1,330,262	3.61%
2004	42,045,555	40,206,341	95.63%	1,047,051	41,253,392	98.12%	2,117,405	5.04%
2005	43,568,036	41,634,323	95.56%	913,265	42,547,588	97.66%	3,137,853	7.20%

Source: Butler County Auditor

TABLE 6

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

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1996	\$680,654,840	\$1,944,728,114	\$66,847,507	\$267,390,028	\$46,752,550	\$58,440,688	\$794,254,897	\$2,270,558,830
1997	737,481,630	2,107,090,371	83,814,921	335,259,684	46,487,160	58,108,950	867,783,711	2,500,459,005
1998	773,080,200	2,208,800,571	92,145,900	368,583,600	45,340,120	56,675,150	910,566,220	2,634,059,321
1999	797,087,180	2,277,391,943	88,645,232	354,680,928	46,049,910	52,329,477	931,782,322	2,684,402,348
2000	891,492,700	2,547,122,000	95,496,050	381,984,200	46,448,790	52,782,716	1,033,437,540	2,981,888,916
2001	934,248,580	2,669,281,657	87,858,027	351,432,108	43,228,880	49,123,727	1,065,335,487	3,069,837,492
2002	974,458,300	2,748,166,571	97,874,411	391,497,644	32,940,510	37,432,398	1,105,273,221	3,177,096,613
2003	1,157,170,240	3,306,200,686	92,877,207	371,508,828	33,286,990	37,826,125	1,283,334,437	3,715,535,639
2004	1,190,539,390	3,401,541,114	95,963,033	383,852,132	33,773,000	38,378,409	1,320,275,423	3,823,771,655
2005	1,213,766,140	3,467,903,257	101,330,894	405,323,576	34,880,370	39,636,784	1,349,977,404	3,912,863,617

Source: Butler County Auditor

TABLE 7

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Fairfield City School District	\$55	\$55	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$59
City of Fairfield	5	5	5	5	4	6	6	6	6	6
Fairfield Township	7	7	7	7	7	13	12	12	12	12
Butler County	7	8	8	8	8	8	9	9	9	9
Butler County JVS	2	2	2	2	2	2	2	2	2	2

Source: Butler County Auditor

TABLE 8

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

Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)
1996	55,456	\$794,254,897	\$49,398,000	\$1,567,866	\$47,830,134	6.02%
1997	57,120	867,783,711	51,333,814	2,422,896	48,910,918	5.64%
1998	58,837	910,566,220	49,139,814	1,510,470	47,629,344	5.23%
1999	60,602	931,782,322	48,247,814	1,474,909	46,772,905	5.02%
2000	60,500	1,033,437,540	47,325,814	1,513,167	45,812,647	4.43%
2001	60,500	1,065,335,487	46,280,655	2,807,077	43,473,578	4.08%
2002	58,849	1,105,273,221	44,255,655	1,898,083	42,357,572	3.83%
2003	58,849	1,283,334,437	42,650,655	1,981,092	40,669,563	3.17%
2004	60,254	1,320,275,423	40,795,655	1,814,609	38,981,046	2.95%
2005	58,965	1,349,977,404	38,780,655	1,834,934	36,945,721	2.74%

(1) U.S. Census Bureau

(2) Butler County Auditor, calendar year basis

Fairfield City School District, Ohio
 Computation of Legal Debt Margin
 June 30, 2005

TABLE 9

Assessed Valuation of District	\$1,349,977,404
<u>Overall Direct Debt Limitation</u>	
Direct debt limitation	
9% of assessed valuation	\$121,497,966
Amount available in Debt Service Fund	1,834,394
Gross indebtedness	38,780,655
Less: Debt exempt from limitation	0
Debt subject to 9% limitation	<u>(38,780,655)</u>
Legal debt margin within 9% limitation	<u>\$84,551,705</u>
<u>Unvoted Direct Debt Limitation</u>	
Unvoted debt limitation	\$1,349,977
0.1% of assessed valuation	n/a
Amount available in Debt Service Fund	n/a
related to unvoted debt	
Gross indebtedness authorized by the Board	0
Less: Debt exempt from limitation	0
Debt subject to 0.1% limitation	<u>0</u>
Legal debt margin within 0.1% limitation	<u>\$1,349,977</u>

Source: Fairfield City School District

Fairfield City School District, Ohio
 Computation of Direct and Overlapping Debt
 June 30, 2005

TABLE 10

Governmental Unit	Gross General Obligation	Percent Applicable to District (1)	Amount Applicable to District
Direct:			
Fairfield City School District	\$38,780,655	100.00%	\$38,780,655
Overlapping:			
Butler County	\$80,380,000	18.32%	\$14,725,616
Fairfield City	27,680,000	98.74%	27,331,232
Fairfield Township	11,760,000	99.04%	11,647,104
Butler County Career Center School District	2,295,000	20.94%	480,573
Total overlapping:	\$122,115,000		\$54,184,525
Total direct and overlapping debt:	\$160,895,655		\$92,965,180

Source: Ohio Municipal Advisory Council

(1) Calculated by the Ohio Municipal Advisory Council

TABLE 11

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (%)
1996	\$785,000	\$3,750,931	\$4,535,931	\$39,542,432	11.47%
1997	1,390,000	3,073,998	4,463,998	40,869,683	10.92%
1998	1,735,000	2,868,058	4,603,058	44,527,951	10.34%
1999	892,000	3,005,496	3,897,496	45,812,877	8.51%
2000	922,000	3,027,549	3,949,549	49,730,043	7.94%
2001	1,041,000	2,167,204	3,208,204	54,642,595	5.87%
2002	2,025,000	2,401,670	4,426,670	56,530,005	7.83%
2003	1,605,000	2,279,612	3,884,612	63,607,185	6.11%
2004	1,855,000	2,184,989	4,039,989	67,030,554	6.03%
2005	2,015,000	2,078,927	4,093,927	64,192,422	6.38%

Source: Fairfield City School District

TABLE 12

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

Fiscal Year	Population (1)	School Enrollment (2)	Unemployment Rate City of Fairfield (3)
1996	55,456	8,757	4.30%
1997	57,120	8,889	3.50%
1998	58,837	8,961	3.60%
1999	60,602	8,946	3.30%
2000	60,500	9,108	3.20%
2001	60,500	8,973	3.20%
2002	58,849	9,169	4.50%
2003	58,849	9,239	4.50%
2004	60,254	9,467	4.30%
2005	58,965	9,575	5.20%

Sources: (1) U.S. Census Bureau

(2) Fairfield City School District

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

TABLE 13

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

<u>Calendar Year</u>	<u>Construction (1)</u>	<u>Bank Deposits (2)</u>	<u>Property Values (3)</u>
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	33,286,900	1,152,810,000	891,492,700
2001	40,572,000	1,136,994,000	934,248,580
2002	37,724,330	1,257,078,000	974,458,300
2003	35,039,020	1,355,700,000	1,157,170,240
2004	40,982,020	1,412,807,000	1,190,539,390
2005	25,531,920	1,665,776,000	1,213,766,140

Sources:

(1) Butler County Auditor

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

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

TABLE 14

Fairfield City School District, Ohio
 Real and Tangible Personal Property
 Top Ten Principal Taxpayers
 June 30, 2005*

Name of Taxpayer	Total Assessed Valuation	% of Total Assessed Valuation
CFC Investment Co.	\$29,708,460	2.20%
Cincinnati Gas & Electric	24,047,350	1.78%
Sisters of Mercy	11,873,720	0.88%
Boynel Sam Trust	11,012,190	0.82%
Ohio Casualty Insurance	8,050,020	0.60%
Cincinnati Bell Telephone Co.	7,527,310	0.56%
Faith - Village Apartments	7,317,110	0.54%
Alliance TP Portfolio	5,243,500	0.39%
Teachers Retirement System	5,045,490	0.37%
TGM Camelot Inc.	5,009,330	0.37%
	<u>\$114,834,480</u>	<u>8.51%</u>

Source: Butler County Auditor

* - 2005 data not available. 2004 data used as an estimate.

TABLE 15

Fairfield City School District, Ohio
Miscellaneous Statistical Data
June 30, 2005

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
	<u>10</u>

Fiscal Year	Education of Certified Staff			Average years Experience
	Bachelor	Masters and beyond		
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
2004	42.00%	58.00%		13.0
2005	39.30%	60.70%		13.0

Source: Fairfield City School District



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

FAIRFIELD CITY SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 9, 2006**