

ATHENS CITY SCHOOL DISTRICT

ATHENS COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2005



BALESTRA, HARR & SCHERER
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**Auditor of State
Betty Montgomery**

Board of Education
Athens City School District
25 South Plains Rd.
The Plains, OH 45780

We have reviewed the *Independent Auditor's Report* of the Athens City School District, Athens County, prepared by Balestra, Harr & Scherer, CPAs, Inc., 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 Athens 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 12, 2006

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**ATHENS CITY SCHOOL DISTRICT
ATHENS COUNTY**

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Athens City School District
Athens County

Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2005

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	NA	10.550	\$0	\$32,853	\$0	\$32,853
National School Breakfast Program	05PU	10.553	66,718	0	66,718	0
National School Lunch Program	LLP4	10.555	237,664	0	237,664	0
Total United States Department of Agriculture- Nutrition Clust			<u>304,382</u>	<u>32,853</u>	<u>304,382</u>	<u>32,853</u>
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education- Grants to States	6BSF	84.027	442,571	0	449,802	0
Special Education- Preschool	PGS1	84.173	14,512	0	14,186	0
Total Special Education Cluster			<u>457,083</u>	<u>0</u>	<u>463,988</u>	<u>0</u>
Title 1	C1S1	84.010	607,220	0	642,690	0
Safe and Drug Free Schools	DRS1	84.186	16,523	0	31,113	0
Eisenhower Professional Development	MSS1	84.281	0	0	5,000	0
Twenty-First Century Community Learning Centers	T1S1	84.287	346,953	0	308,245	0
Innovative Education Program Strategy	C2S1	84.298	33,584	0	23,598	0
Education Technology State Grants	TJS1	84.318	20,392	0	20,384	0
English Language Acquisition Grant	T3S1	84.365	24,679	0	20,624	0
Improving Teacher Quality State Grants	TRS1	84.367	207,523	0	215,455	0
Total United States Department of Educatio			<u>1,713,958</u>	<u>0</u>	<u>1,731,097</u>	<u>0</u>
Total Federal Financial Assistanc			<u>\$2,018,340</u>	<u>\$32,853</u>	<u>\$2,035,479</u>	<u>\$32,853</u>

See Notes to the Schedule of Federal Awards Receipts and Expenditures.

**ATHENS CITY SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE A- SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B- CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

BALESTRA, HARR & SCHERER CPAs, INC.

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

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*

Members of the Board
Athens City School District
25 South Plains Road
The Plains, Ohio 45780

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Athens City School District (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2005, where we noted the District implemented GASB Statement No. 40. 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 District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

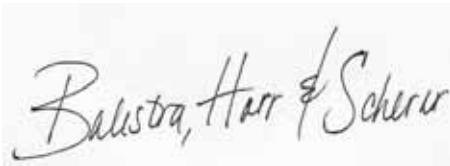
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic 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*.

We noted certain matters that we reported to management of the District in a separate letter dated December 20, 2005.

Members of the Board
Athens City School District
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit
Of Financial Statements Performed In Accordance With *Governmental Auditing Standards*
Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer CPAs, Inc.
December 20, 2005

BALESTRA, HARR & SCHERER CPAs, INC.

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

Members of the Board
Athens City School District
25 South Plains Road
The Plains, Ohio 45780

Compliance

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

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

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

Internal Control Over Compliance

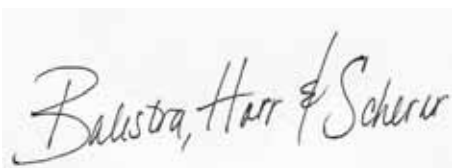
The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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, regulation, 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.

Schedule of Federal Awards Receipts and Expenditures

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Athens City School District (the District), as of and for the year ended June 30, 2005, and have issued our report thereon dated December 20, 2005, in which we noted the District implemented GASB Statement No. 40. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 the audit committee, management, members of the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer CPAs, Inc.
December 20, 2005

**ATHENS CITY SCHOOL DISTRICT
ATHENS COUNTY
JUNE 30, 2005**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

1. SUMMARY OF AUDITOR-S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs= Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.027 & 84.173, Special Education Cluster CFDA #84.010, Title I
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**ATHENS CITY SCHOOL DISTRICT
ATHENS COUNTY
JUNE 30, 2005**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS	
Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	

**ATHENS CITY SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §315(b)
JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	Lack of sufficient controls in place and operating effectively to reduce the risk that health and prescription drug insurance claims have not been completely and accurately processed in accordance with the health and prescription drug insurance claims policy.	Yes	Fully Corrected

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ending June 30, 2005



2005

ATHENS CITY SCHOOL DISTRICT

25 South Plains Road – The Plains, Ohio 45780

Comprehensive Annual Financial Report
of the
Athens City School District
The Plains, Ohio

For the fiscal year ended
June 30, 2005

Board of Education

Bruce NottkePresident
Roger Brown..... Vice-President
Scott Nisley Member
Catherine Cordingley Member
Jeffrey Dill, PhD Member

Superintendent of Schools

Carl D. Martin

Issued by the Treasurer's Office

Bryan M. Bunting, CGFM
Treasurer/CFO



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ATHENS CITY SCHOOL DISTRICT

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ATHENS CITY SCHOOL DISTRICT



INTRODUCTORY SECTION

ATHENS CITY SCHOOL DISTRICT

www.athenscity.k12.oh.us

Carl D. Martin
Superintendent

25 South Plains Road
The Plains, Ohio 45780

Bryan M. Bunting CGFM
Treasurer

Voice: (740) 797-4506
Fax: (740) 797-9146

December 20, 2005

To the Board of Education and the Citizens of the Athens City School District:

The Athens City School District (the District) is pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2005. This CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

The Comprehensive Annual Financial Report is presented in three sections:

- The **Introductory Section** includes the title page, the table of contents, this transmittal letter, a list of principal officers, a Certificate of Achievement or Excellence in Financial Reporting, and the District's organizational chart.
- The **Financial Section** includes the independent auditors' report on the financial statements, management's discussion and analysis, the basic financial statements and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the financial statements.
- The **Statistical Section** includes selected financial, economic, and demographic information indicating historical trends and for comparative purposes.

The District is responsible for the accuracy of the data presented and the completeness and fairness of this presentation. We believe the data presented is accurate in all material aspects and that all disclosures necessary to enable the reader to acquire the maximum understanding of the District's financial activity are included herein.

Copies of this report will be widely distributed throughout the District. A copy will be sent to all school buildings, the Chamber of Commerce, the Athens County Public Library, financial institutions, other governmental agencies, and posted to the District web site. Both paper and electronic versions will be available to other interested parties.

THE DISTRICT AND ITS FACILITIES

The District was established in the mid 1800's and was consolidated in 1964 with the Plains Local School District and the Chauncey Local School District. It is located in Athens County, and includes the City of Athens, the Village of Chauncey and portions of the Townships of Athens, Canaan, Dover, and Waterloo. Athens is the county seat of Athens County with a population of approximately 32,700 residents. The District is the 156th largest in the State of Ohio (among 614 school districts) in terms of enrollment.

Located 75 miles southeast of Columbus, Athens is home to Ohio University, the first university in the Northwest Territory founded in 1804. The University's main campus College Green is on the National Register of Historic Places and includes Cutler Hall, a National Historic Landmark, built in 1816. Each quarter, the University adds over 24,725 students to the City's population. The newly appointed President of Ohio University has indicated an effort to increase enrollment by 5,000 students.

The Athens City School District is one of five K-12 public school districts in Athens County. With 2,960 pupils (including preschool and open enrollment), it has the largest enrollment in the county but is geographically one of the smallest school districts in the county encompassing only 58 square miles. The District operates 7 educational facilities, a Maintenance facility, a Transportation/Bus Garage, and a central administration building that also houses the District's Technology department and Talented and Gifted program director.

School	Grade	Enrollment
Chauncey Elementary	PreK-12	253
East Elementary	K-12	273
Morrison Elementary	K-12	386
The Plains Elementary	PreK-12	416
West Elementary	PreK-12	274
Athens Middle School	7-8	474
Athens High School	9-12	884

The District provides preschool programs and all-day kindergarten classes. The District serves lunches to 39.6% of the student population daily. Approximately 34.7% of the District's student body qualify for free or reduced priced lunches. Chauncey, The Plains, and West Elementary schools are identified as Title I buildings and provide free and reduced lunches to 51.8% of their combined student population. These three school facilities plus the Middle School also offer breakfast programs. However, only 29.7% of the student population participates in that program.

ORGANIZATION OF THE DISTRICT

The Board of Education of the Athens City School District (the Board) is a five-member body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditure of the District's tax dollars, and approves the annual appropriation resolution and tax budget. A list of the current Board members as of June 30, 2005 is included on page xiii.

The Superintendent is the chief executive officer of the District and is responsible directly to the Board for all operations of the District. Carl D. Martin was initially employed as Superintendent effective February 1995. Mr. Martin retired effective December 31, 1998 but returned to the position in July 2000. Mr. Martin's contract extends through July 31, 2006.

The Treasurer is the chief financial officer of the District and is responsible directly to the Board for all financial operations, investments, custody of all District funds and assets and serves as secretary to the Board. Mr. Bryan M. Bunting was appointed Treasurer effective August 1, 1998. Mr. Bunting's contract extends through the date of the organizational meeting in January 2009.

ECONOMIC CONDITION AND OUTLOOK

The District's largest employer is Ohio University, which employs over 4,500 total employees with more than 1,070 full-time and 750 part-time employees who live in or around the District. The University has an enrollment of more than 24,725 students on their Athens campus. The University also provides land for taxable retail operations and has become the District's largest real estate taxpayer. This has provided a foundation of stability for the District. Ohio University's total net assets were more than \$462 million with total expenditures for the 2004 fiscal year in excess of \$460 million dollars. The University has an on-going facility plan which means each year they complete a number of construction and renovation projects. According to their June 30, 2004 CAFR, they completed more than \$75 million in such projects during the fiscal year and have estimated future capital commitments after June 30, 2004 in excess of \$64 million. In fact, the four of the five largest employers in the county are government operations, Ohio University, Athens County, Hocking College, and the Athens City School District itself.

Athens County's largest private employers include Kroger Co., Diagnostic Hybrids, O'Bleness Memorial Hospital, Holzer Medical Center, Ohio University, Wal-Mart, and EdMap. The University Mall includes major retail stores such as Elder-Beerman, and Goody's, that provides additional real estate and personal property tax revenue and employment to area residents. New commercial operations, although not the national big box stores that opened in 2004 are beginning to open in and around the area of the previous years growth. Other negotiations are on-going with other stores for sites along the East State Street area and in the University Mall. The City of Athens completed major infrastructure upgrades including additional traffic lanes, water, sewer, and electric service that has and will continue to entice new business to the area.

The District, along with many other public school systems in the state, relies heavily on local property tax as a primary source of funds. Ohio law limits the growth in real estate tax revenues by reducing millage as assessed values increase following re-appraisals. Consequently, revenues generated from each levy remain relatively constant. As a result, the District must periodically seek additional funding from its taxpaying constituents. While statewide, voters have proved reluctant to increase their property taxes, the Athens City School District has received positive support from its taxpayers on 88% of all tax levies and/or 100% of all bond issues since 1964. The District's management is very appreciative of this support but is constantly searching for ways to provide a more efficient means of doing business while at the same time continuing to provide excellent educational services. Evidence of this is supported by the fact the District operates more than 25 grants generating nearly \$2.2 million in funding. These grants have provided funds to implement entry-year teacher programs, school-to-work programs, Family Literacy efforts, Service Learning, prevention programs for drugs, alcohol and violence, as well as Professional Development Grants that have increased the competency of staff and provided research based models for instructional change.

EMPLOYEE RELATIONS

The District has 423 employees (full and part time) of which 228 are certificated (including school psychologists and counselors), 176 are classified, and 19 administrative. Certificated employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Athens Education Association (AEA), an affiliate of the Ohio Education Association (OEA). Classified employees, including bus drivers, food service, custodial, maintenance, and clerical staff, are represented for collective bargaining purposes by the American Federation of State, County, and Municipal Employees (AFSCME) Local #1846. Educational Aides are also represented for collective bargaining purposes by the American Federation of State, County, and Municipal Employees (AFSCME) Local #1846, but under a separate negotiated agreement.

In December 2004, the Board successfully concluded negotiations with the AEA on a three year agreement for wages and fringe benefits. Wage agreements reached for the three year period January 15, 2005 through January 15, 2008 included a 3.0% wage increase retroactive to January 1, 2005, a 3% increase effective January 2006, and a 3% increase effective January 2007.

During the summer of 2003, the Board successfully concluded negotiations with the ASFCME employees on a three-year agreement for wages and fringe benefits. Wage agreements for that bargaining unit for the three year period September 1, 2003 through August 31, 2006 included hourly wage increases of \$.40 effective September 2003, and \$.35 in both September 2004 and September 2005.

During the summer of 2004, the Board successfully concluded negotiations with the ASFCME educational aide employees on a three-year agreement for wages and fringe benefits. Wage agreements for that bargaining unit for the three year period September 1, 2004 through August 31, 2007, included hourly wage increases of \$.45 effective September 2004, September 2005, and September 2006.

SERVICES PROVIDED

The Athens City School System is vitally concerned with its educational program. The Board views education as a lifelong process and believes that education is a key element in the realization of a successful and satisfying life. High academic expectations have been set forth for our students. The District pursues opportunities for the students to be involved in cooperative efforts with colleges and universities. We believe that the education of youth grows out of an interaction of the school, the home and the community. The educational process should provide each student with the opportunity for success, personal growth and accomplishment. The District provides equal support to students throughout the District. To address populations who have special needs, or who are academically at-risk, the District obtains supplemental funds. Three elementary schools are eligible to receive Title I services school-wide.

Children entering kindergarten are assessed to determine their developmental levels, socially and academically. Results of assessments are used to design program offerings. All the District's elementary schools operate full-day kindergarten programs. The kindergarten program includes readiness skills in mathematics, reading, and language arts. Handwriting, science, and social studies concepts are also an integral part of daily activities.

In primary grades K-3, attention is focused upon each child mastering the basic skills necessary for sustained progress in reading, written composition, math, writing, science, social studies, health, and handwriting. Literacy collaborative programs provide in-depth language arts instruction. Each child is also introduced to music, art, physical education, and computer technology.

Children in the intermediate grades 4-6 continue to build upon these basic skills and expand into higher order thinking skills. Written composition, problem solving, critical thinking skills and reading comprehension are stressed. Physical education, health, art, and music including band are also an integral part of the elementary curriculum. Each elementary building has a library with full-time or part-time staff. Students are scheduled weekly into the library to acquire knowledge and to practice using the library to seek information and obtain reading and reference material.

In addition to basic knowledge, life skills of the everyday world are stressed. These include developing a positive self-image, a concern for good health, safety and physical activity, and opportunities to explore some introductory activities relating to careers and the world of work. Staff members strive to help students develop the virtues of integrity, courage, discipline and the love of lifelong learning.

Athens High School is a unique four-year comprehensive high school accredited by the North Central Association of Secondary Schools and Colleges and the Ohio Department of Education. Athens High School requires 22 units of credits to graduate. The school offers an impressive list of curricular and co-curricular programs. Over 130 courses are available including 14 advanced placement courses. Students also are eligible to take courses on the Ohio University and Hocking College campus and receive both high school credit and college credit for said courses. Students who want to enter the work force directly from high school can enter Tri-County Joint Vocational School or stay at Athens High School and work with vocational instructors. Tri-County's articulation agreements with Ohio University and Hocking College allow students in the Tech Prep program to enter these institutions with a stronger academic background and earn an enhanced associate degree or continue in a baccalaureate program.

Athens High School has 26 clubs; Student Council, Key, National Honor Society, Arena, Broadcasting, Drama, Ecology, FCCLA/HERO, Interact, French, Masquers, Thespians, Matrix, Mock Trial, Model United Nations, Spanish, Art Club, Multi-cultural Club, STARS, Marching Band, Concert Band, Summer Band, Silks, Jazz Band, Pep Band, Mixed Chorus, and Symphonic Choir. Students engage in 15 sporting activities; cross-country (girls and boys), football, soccer (girls and boys), tennis (girls and boys), volleyball, golf (girls and boys), wrestling, swimming (girls and boys), baseball, basketball (girls and boys), softball, and track (girls and boys). Cheerleading squads engage in competition as well as provide school support. The Athens High School drama productions, choirs, instrumental music groups, marching band, flag corps, and competition cheerleaders have received many state and national awards.

The District's special education programs are broad and comprehensive. Approximately 15% of the student population has an Individualized Education Plan (IEP). A Talented and Gifted Program is available to qualified students. Programs and services are provided at the elementary, middle, and high school levels for gifted students. The District has developed a comprehensive gifted education plan. Special programs for the multi handicapped, developmentally handicapped, English as a second language, learning handicapped, speech, hearing impaired, are provided for students who meet the requirements.

TECHNOLOGY

The mission of the technology program at Athens City Schools is to provide a standardized, reliable, efficient, and cost effective infrastructure of technology resources that supports and enhances student education and district administration. The District recognizes that technology is an integral tool in the education process and are committed to providing and maintaining quality services and programs.

The District maintains a District Technology Plan maintained by the District Technology Council, a group representing each school building and the community. The District's objective is the maintenance of existing technology services, with constant evaluation of emerging technology solutions, and a strict adherence to budgetary issues.

TEACHER PROFESSIONAL DEVELOPMENT

Peer Teacher Mentor Program-The District provides an opportunity for a new teacher to be paired with an experienced teacher as a critical friend. This is a very non-threatening way for teachers to exchange ideas, receive assistance, and improve teaching skills.

New Teacher Orientation - New employees are given a special welcoming orientation to the District and community by administrators of city, county, and district. Pairing new teachers with seasoned teachers provides a support system and promotes assimilation into the District family.

Technology - Both the District Continuous Improvement Plan and the District Technology Plan outline goals and action plans that call for integrating technology into teacher instruction and student learning. Professional Development for teachers is an important component in accomplishing these goals. Student access to hardware and software and lessons that incorporate technology is essential to student competence in this area. The District Technology Plan sub-committee, *Curriculum and Community Involvement*, provided a series of training in-services for training building technology facilitators and classroom teachers and will be planning a continued professional development opportunities.

This is an ongoing activity in the District. Each curricular area is revised to insure that state-of-the-art practices and programs are available for students. The District closely follows the Ohio Department of Education's model curriculums and standards to achieve this goal. Additionally, the curriculum development process model mandates the Five-Year Professional Development Plan, the integration of technology, and establishing student assessment procedures and practices. Any revisions and adoptions will use current local performance data obtained through competency and proficiency testing of students to determine curricular needs. Content of instruction and instructional practices is carefully examined and analyzed in light of the data generated. Professional development will address the needs of the District.

COMMUNITY, STAFF, AND STUDENT INVOLVEMENT

The Board believes that the best interests of this District are served when citizens, students and professional school people work together toward school improvement.

Community participation in the affairs of the schools is important if the District and the community are to maintain mutual confidence and respect and work together to improve the quality of education for students. The Board endeavors to identify the wishes of the community and to be responsive to those wishes. All citizens are encouraged to express ideas, concerns and judgments about the schools to the school administration, the staff, and to the Board.

The District involves the efforts of many people and functions best when all personnel are informed of the District's major activities and concerns. The Board invites an exchange of ideas and pertinent information among all elements of the District and has developed a Continuous Improvement Plan utilizing this philosophy of representative involvement. Morale is enhanced when employees are assured that their voices are willingly heard by those in positions of authority.

Students share responsibility for developing a climate in the school that is conducive to learning. Through participation in the decision-making process, students are an important resource for the improvement of the school, the educational system and the community. Periodically, students are asked to review school policies, rules and regulations.

MAJOR INITIATIVES AND EVENTS - FISCAL YEAR 2005

Facility Management

The District has completed and adopted a *Facility Master Plan* with the assistance of the Ohio School Facility Commission (OSFC) and other professionals. The plan was completed in fiscal year 2004 and filed with the OSFC. The Plan will serve not only as a management tool but will also locks in certain already completed project costs as part of the District's share of any future construction projects funded through the OSFC. Additionally, current fiscal year permanent improvements included electrical upgrades, roof repairs, renovations to doors and windows, and the addition of security cameras at the High School and some elementary schools.

Technology

More than 150 new computers were installed throughout the District's educational facilities as part of the District's technology plan of having one computer for every five students in the classroom and none older than five years. The District also upgraded their internal network backbone to a gigabit system which dramatically increased the speed of communication. The District's Technology Trainer implemented consistent web page design at and for each school facility as well as individual teacher web pages to keep parents informed and student able to use the internet for homework and other information.

Report Cards

Ohio law calls for each Ohio District to receive a performance accountability rating based on 23 performance standards. Athens City Schools have met 14 of the 23 performance standards for the 2004-2005 school year. Based on the State's current ranking system, this score places the District in the Effective category and Met the Adequate Yearly Progress (AYP) requirement. The District will continue to work with staff to increase student performance and thus increase the number of standards met.

Comprehensive Annual Financial Report

The District also prepared their first Popular Annual Financial Report (PAFR) in fiscal year 2004 and received the Certificate of Achievement from the Government Finance Officers Association. The District prepared their sixth Comprehensive Annual Financial Report (CAFR) for fiscal year 2005. All reports prior to this year have received the Certificate of Achievement from the Government Finance Officers Association. We believe that our current report also conforms to the Certificate of Achievement program requirements.

Academic and Student Group Awards

Athens High School's class of 2005 had 12 students qualify as National Merit Scholars. There were also 8 class students who were recognized as National Merit Finalists. Since 1984, ninety-four Athens High School graduates have been named National Merit Scholars and 131 more have earned commended status. A number of Athens High School class of 2005 graduates received recognition and scholarships from the J. Warren McClure Foundation.

Consolidated Local Plan

The District Consolidated Local Plan provides the foundation for maximizing efficient use of dollars generated through state and federal funds. The following **federal grants** are managed by the Curriculum Director and Special Education Director by processing an electronic application which logically integrates the individual objectives and action plans in order to leverage use of the funds. The electronic application supports flexibility of budget and program development and revisions. As a result, purchase of materials and equipment for student instruction and professional development opportunities for teaching staff are increased.

<u>Grant</u>	<u>Award Amount</u>	<u>Description of Grant</u>
Title I	\$606,257	This grant targets our 3 schools who demonstrate that they are serving an economically disadvantaged student population that exceeds 35% of the school's total student population.
Title II-A	\$206,979	Based on research findings that smaller class size is correlated to student success, the funds from this grant are ear-marked for class size reduction, especially in the primary grades.
Title II-D	\$27,733	Funds are designated for professional development of educational staff and the encouragement of technology and mathematics and science education.
Title III	\$24,907	This grant targets funds toward expanding and enhancement of English language and academic instruction programs to promote English as a second language (ESL).
Title IV	\$19,567	Focus for this grant is on cultivating a safe, drug-free climate within our schools, underscoring the educational mission to have students make good life decisions and feel safe in their environment.
Title V	\$17,545	<i>An Innovative Assistance Program</i> , funds from this have helped support new and creative educational applications.
Title VI-B	\$539,028	Funds are allocated to align systems of intervention and special education with scientifically based research curriculum, instruction and assessment and with the state's academic content standards. Provides tutoring and other focused supplemental supports for children.
21 st Century	\$400,240	Funding is designed to provide after school enrichment programs to students who are economically, socially, and/or educationally most at risk.
ECSE	\$21,276	Funding is designed to provide tutoring and other focused supplemental supports for children most at risk in reading and mathematics.
Total	<u><u>\$1,863,532</u></u>	

MAJOR INITIATIVES FOR THE FUTURE

Permanent Improvements

The District intends to continue with annual maintenance issues and improvement projects. These will include electrical upgrades, roof repairs, renovations to doors and windows, and additional security cameras and equipment. Renovations and additions are planned for the Transportation facility as well as the possible construction of a maintenance/warehouse facility.

Curriculum Development and Meeting the Requirements of New State Standards

The District is actively involved in reviewing and providing input in the development of the proposed standards in each of the major discipline areas. Teachers from Athens City Schools sit on state development committees in language arts, social studies, science, fine arts, music, and foreign language. As State standards and courses of study are finalized the District revises the local courses of study accordingly. Content of instruction and instructional practices are carefully examined and analyzed in light of performance data generated from local evaluations and proficiency and competency based tests. All efforts are directed to increase student performance and become an *Excellent* category school district. To achieve that goal a District Continuous Improvement Plan serves as a decision-making tool.

Technology Upgrades

The Information Technology (IT) Department's top priorities for fiscal year 2006 include an update of the Technology Plan, continuation of the annual replacement plan with the purchase of more than 100 new computers, and will be reviewing proposals from district-wide wireless service and increased bandwidth.

FINANCIAL INFORMATION

Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management. Management believes the internal controls adequately meet the above objectives.

Federal and State Assistance

As a recipient of federal and state financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District.

Budgetary Controls

The District maintains its accounts, appropriations, and other financial record in accordance with the procedures established and prescribed by the Auditor of State. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriation resolution approved by the Board of Education. Activities of all funds are included in the annual appropriation resolution. Budget deadlines may be established to allow for budget amendments prior to year end. These final amendments allow actual amounts on the budgetary basis to agree with the adopted budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level of expenditure. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year end are carried forward to succeeding years and are not re-appropriated. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Financial Condition

This is the second year the District has prepared financial statements following *GASB Statement No. 34, "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments."* GASB Statement No. 34 creates new basic financial statements for reporting on the District financial activities as follows:

Government-wide financial statements - These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses.

Fund financial statements - These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons - These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As a part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the District. This discussion is located in the financial section of this report following the audit opinion, and provides an assessment of the District finances for fiscal year 2005.

Debt Administration

The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs. The payment of interest on general obligation short-term notes payable is accounted for in the fund that receives the proceeds from the debt. All debt, except for the energy conservation notes, is supported through voter approved tax levies.

At June 30, 2005, the District had outstanding bond issues of \$16,760,000. Under current State statutes, the District's general obligation bonded debt issuances are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2005, the District's legal limitation was slightly more than \$37.1 million placing District general obligation debt well below the legal limit.

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 Financial Statements Section of this report.

Cash Management

The District believes that appropriate cash management activities are integral to the District's overall financial well-being. Forecasting of receipts and expenditures, cash budgeting and on-going variance analysis allow prudent optimization of investment maturities and interest income. Total interest earned during the fiscal year 2005 was \$237,517.

The program's efficiency is enhanced using direct deposits and wire transfers to accelerate the availability of investment balances; cash budgeting and the use of controlled disbursements to control expenditures; and the use of appropriate portfolio management techniques to maximize earnings.

This portfolio program, which aggregates the excess cash of substantially all funds for investment purchases, adheres to the following priorities: assuring the safety of all invested principal, providing needed liquidity to meet the District's obligations on a timely basis, and earning a market rate of return over budgetary and economic cycles.

The securities and maturities utilized are authorized by the Ohio Revised Code, Section 135.14, 135.42 and 135.45 as amended. The District approaches investment selection in two ways: (1) it purchases eligible securities which mature at specific times to pay known obligations of the District (maturity matching); and (2) it diversifies other maturities over the permissible investment horizon, given cash flow forecasts and market conditions, by constructing a "laddered" configuration.

During fiscal year 2005, the District purchased certificates of deposit, and U.S. Treasury and Agency/Instrumentality securities permitted by the Ohio Revised Code. It also used the State Treasurer's Star Ohio account for short-term investments. The District does not invest in derivative securities nor engage in leverage. It utilizes yield curve analysis and relative value approaches for investment selection. All investments are transacted competitively, using three bids/offers from eligible banks and dealer firms.

The District follows the procedures permitted by Ohio law regarding the safekeeping of deposits and investments. Deposits are generally secured by the Federal Deposit Insurance Corporation and a pool of eligible investments, not in the District's name, held by depository institutions or at their Federal Reserve Bank account for the District. The Governmental Accounting Standards Board, using strict standards of deposit segregation, refers to these latter deposits as "uncollateralized." The State of Ohio does not require that this criteria be met.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent accountants. The Auditor of State conducted the District's audit from fiscal year 1999 to fiscal year 2003. In fiscal year 2004, the Auditor of State contracted the District's audit to a private independent public accounting firm for the next three years. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The independent auditor's report on the basic financial statements and combining statements and individual fund schedules is included in the financial section of this report.

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 Athens City School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This was the fifth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

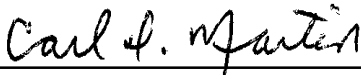
Acknowledgments

The preparation and publication of this Comprehensive Annual Financial Report on a timely basis could not have been possible without the cooperation of the entire Central Office and Treasurer's Office staff. A special note of appreciation is extended to J. L. Uhrig & Associates for their aid in preparing this report.

Finally, this report would not have been possible without the continued support of the Board of Education who values quality financial information that helps to make quality decisions. Without their leadership and commitment to excellence this report would not be possible.



Bryan M. Bunting, Treasurer/CFO



Carl D. Martin, Superintendent

List of Principal Officers

BOARD OF EDUCATION

President	Bruce Nottke	January 1, 2002 to December 31, 2005
Vice President	Roger Brown	January 1, 2004 to December 31, 2007
Board Member	Scott Nisley	January 1, 2004 to December 31, 2007
Board Member	Catherine Cordingley	January 1, 2002 to December 31, 2005
Board Member	Jeffrey Dill, PhD	January 1, 2002 to December 31, 2005

CENTRAL OFFICE ADMINISTRATIVE STAFF

Superintendent	Carl D. Martin
Treasurer	Bryan M. Bunting, CGFM
Business Manager	David McAllister
Director of Curriculum	Sharon Parsons
Director of Special Services	Jeremy Yehl
Director of Technology.....	Tim Owen

TREASURER'S OFFICE STAFF

Assistant Treasurer – Accounts Payable	Shirley Porter
Assistant Treasurer – Purchase Orders/Food Service	Ginny Steward
Assistant Treasurer – Budget/Grants/Receipts	Anita Alloway
Assistant Treasurer – Insurance/Payroll.....	Lis Michael
Assistant Treasurer – Payroll	Beckie Blake

CENTRAL OFFICE SUPPORT STAFF

Superintendent Secretary	Judy Stanley
Business Manager Secretary	Denise Boal
Director of Curriculum Secretary	Debbie Lewis
Director of Special Services Secretary	Linda McAllister

BUILDING ADMINISTRATORS and SECRETARY

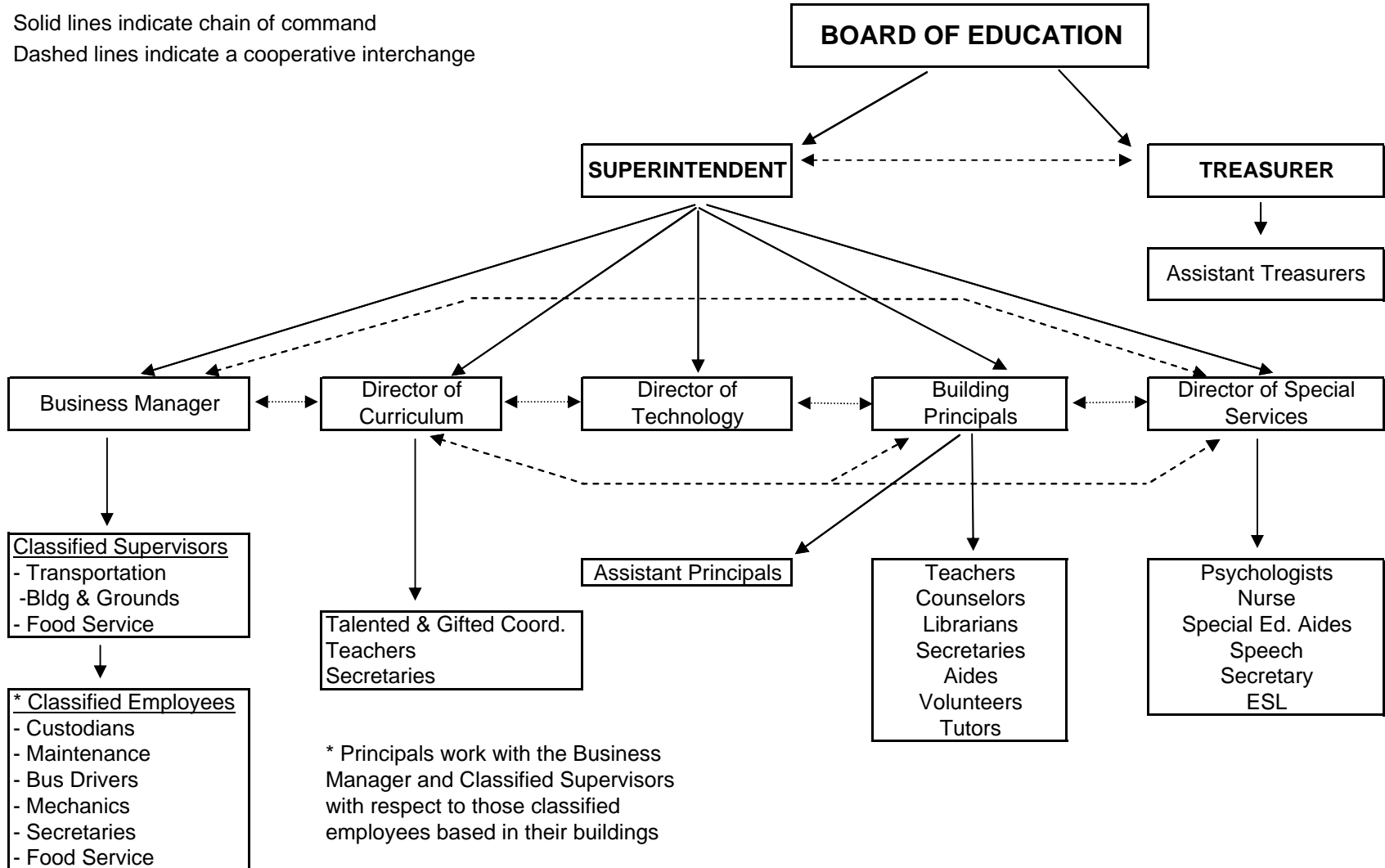
High School	Mike Meek Secretary - Linda Skinner
Middle School.....	Paul Grippa Secretary – Janet Lowes
Chauncey Elementary	Linda Rolli Secretary – Brenda Hamilton
East Elementary	Denny Boger Secretary – Linda Pierce
Morrison Elementary	John Gordon Secretary – Linda Bennett
The Plains Elementary	Shelley Conrath Secretary – Madelon Armstrong
West Elementary.....	Joan Linscott Secretary – Judy Deardorf

OTHER ADMINISTRATORS

Maintenance Supervisor.....	Larry Douglas
Transportation Supervisor.....	Robert Meek
Food Service Supervisor	Tammy Dicken

ATHENS CITY SCHOOLS ORGANIZATIONAL CHART

Solid lines indicate chain of command
 Dashed lines indicate a cooperative interchange



AX

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Athens 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. Zielke

President

Jeffrey R. Emer

Executive Director

ATHENS CITY SCHOOL DISTRICT



FINANCIAL SECTION

BALESTRA, HARR & SCHERER CPAs, INC.

CERTIFIED PUBLIC ACCOUNTANTS

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Athens City School District
25 South Plains Road
The Plains, Ohio 45780

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 the 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.

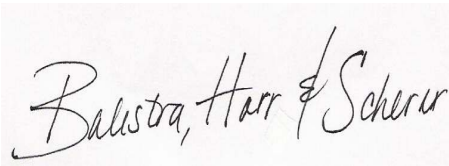
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2005, and the respective changes in financial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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section 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 and schedules 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 section 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.

As described in Note 3 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer CPAs, Inc.
December 20, 2005

ATHENS CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

The discussion and analysis of the Athens City School District's financial performance provides an overview and analysis 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 our letter of transmittal, notes to the basic financial statements and the financial statements themselves to enhance their understanding of the School District's financial performance.

Financial Highlights

- ▶ The assets of Athens City School District exceeded its liabilities at June 30, 2005 by \$17.47 million. Of this amount, \$4.53 million may be used to meet the District's ongoing financial obligations. The remaining amount represents the difference between capital assets and related debt and net asset amounts restricted for specific purposes.
- ▶ In total, net assets of governmental activities decreased by \$1.61 million, which represents a decrease of 8.44% from 2004.
- ▶ General revenues accounted for \$22.86 million or 74.80% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7.70 million or 25.20% of total revenues of \$30.56 million.
- ▶ The District had \$32.17 million in expenses related to governmental activities; only \$7.70 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of 22.86 million fell below the amount needed to provide for these programs. However, the District's carry-over balance was sufficient to meet any additional requirements.
- ▶ The District recognizes three major governmental funds: the General Fund, the Bond Retirement Fund, and the Permanent Improvement Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$23.01 million in revenues and \$23.74 million in expenses in fiscal year 2005.
- ▶ The District also recognizes the self-insurance fund activity as a governmental activity and a proprietary fund. The activity for fiscal year 2005 was \$3.89 million in revenue and \$3.75 million in expenses. Net assets at June 30, 2005 for the self insurance fund increased \$0.14 million.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand Athens City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

ATHENS CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The Statement of Net Assets and Statement 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.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the District activities are shown as Governmental Activities. All of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes, tuition and fees, and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

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. The District's major governmental funds are the General, Bond Retirement, and Permanent Improvement.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of three categories: governmental funds, proprietary funds and fiduciary funds.

ATHENS CITY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Fund

The District maintains only one proprietary fund, which is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the District reports it as a proprietary fund using the full accrual basis of accounting. The internal service fund is included with governmental activities on the government-wide financial statements.

Fiduciary Funds

The District's fiduciary funds are the private purpose trust and agency funds. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. Private purpose trust funds are held in a trustee capacity for individuals, private organizations, or other governments while agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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Government-Wide Financial Analysis

Recall that the *Statement of Net Assets* provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the District's net assets for 2005 compared to fiscal year 2004:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Assets		
Current and Other Assets	\$31,738,104	\$30,900,549
Capital Assets, Net	23,177,669	24,387,697
Total Assets	<u>54,915,773</u>	<u>55,288,246</u>
Liabilities		
Long-Term Liabilities	19,884,562	19,763,736
Other Liabilities	17,559,806	16,440,673
Total Liabilities	<u>37,444,368</u>	<u>36,204,409</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	5,156,884	6,553,026
Restricted	7,407,898	7,961,177
Unrestricted	4,906,623	4,569,634
Total Net Assets	<u><u>\$17,471,405</u></u>	<u><u>\$19,083,837</u></u>

Current assets increased by \$0.84 million from fiscal year 2004 due primarily to an increase in property taxes receivable. Capital assets decreased by \$1.21 million as a result of the depreciation for the current year.

Current (other) liabilities increased \$1.12 million primarily due to an increase in both accrued wages and deferred revenue.

Long-term liabilities increased only slightly by \$0.12 million.

The District's largest portion of net assets is restricted assets. This accounts for 42.40% of net assets. The restricted net assets are subject to external restrictions on how they may be used.

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The District's next largest portion of net assets relate to invested in capital assets, net of related debt. This accounts for 29.51% of net assets. The District used these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The District's smallest portion of net assets is unrestricted. This accounts for 28.09% of net assets. These net assets represent resources that may be used to meet the District's ongoing obligations to its students and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets, both for the District as a whole, as well as for its separate governmental activities. The same was true for the prior year.

Table 2 shows the changes in net assets for fiscal year 2005 compared to changes for fiscal year 2004.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
<u>Revenues:</u>		
<i>Program Revenue:</i>		
Charges for Services and Sales	\$2,563,506	\$2,439,269
Operating Grants and Contributions	5,006,042	5,190,614
Capital Grants and Contributions	129,507	0
<i>General Revenue:</i>		
Property Taxes	14,723,949	13,816,282
Unrestricted Grants and Entitlements	7,619,010	8,292,211
Payments in Lieu of Taxes	153,841	19,629
Investment Earnings	237,517	195,455
Miscellaneous	<u>123,505</u>	<u>110,947</u>
Total Revenues	<u>30,556,877</u>	<u>30,064,407</u>

(Continued)

ATHENS CITY SCHOOL DISTRICT
Management's Discussion and Analysis
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(Unaudited)

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
<u>Expenses:</u>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	13,662,796	13,565,316
Special	3,540,251	3,344,419
Vocational	399,059	401,449
Other	7,068	0
<i>Support Services:</i>		
Pupil	1,486,340	1,160,088
Instructional Staff	1,537,961	1,437,682
Board of Education	102,567	120,421
Administration	1,877,535	1,817,458
Fiscal	743,760	717,844
Business	157,231	161,459
Operation and Maintenance of Plant	3,062,608	3,319,257
Pupil Transportation	1,898,101	1,719,827
Central	160,082	137,756
<i>Operation of Non-Instructional Services:</i>		
Food Service	794,515	786,109
Other	1,834	2,284
Extracurricular Activities	455,234	459,851
Interest and Fiscal Charges	2,282,367	1,417,716
<i>Total Expenses</i>	<u>32,169,309</u>	<u>30,568,936</u>
<i>Change in Net Assets</i>	(1,612,432)	(504,529)
Net Assets – Beginning of Year	<u>19,083,837</u>	<u>19,588,366</u>
Net Assets – End of Year	<u><u>\$17,471,405</u></u>	<u><u>\$19,083,837</u></u>

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The District had program revenue increases of \$69,172, as well as increases in general revenues of \$423,298. The increase in program revenue is due to the increase in operating grants and contributions. The general revenue increase is mostly due to the increase in property taxes.

The total expenses for governmental activities increased \$1,600,373. Much of the increase can be attributed to increases in salaries and fringe benefits, and insurance claims for fiscal year 2005.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 48.19% of the total revenue for governmental activities in fiscal year 2005.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in State. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

The District's 2.9 mill Permanent Improvement Levy is an important piece of the financial picture. It funds not only facility maintenance and upkeep issues but also provides the bulk of the District's technology needs and a large percentage of the State's set-aside requirements for both textbooks and instructional materials and capital improvements. The 5-year levy was first passed by District voters in 1991 and has been approved twice, the last time in 2001.

This District's only non-continuing operating tax levy is for 5.8 mills. It was first passed as a 4-year levy in 1994 and has also been replaced twice. The voters approved changing this to a 5-year levy in 2003 by a positive vote of more than 62%. This levy generates approximately \$1.9 million dollars in operating revenue.

Instruction accounts for 54.74% of governmental activities program expenses. Support services expenses make up 34.28% of governmental activities program expenses. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2005 compared with fiscal year 2004. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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For the Fiscal Year Ended June 30, 2005
(Unaudited)

Table 3
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2005	2004	2005	2004
<i>Program Expenses:</i>				
Instruction	\$17,609,174	\$17,311,184	\$12,548,135	\$11,627,018
Support Services	11,026,185	10,591,793	9,244,204	9,435,205
Operation of Non-Instructional Services	796,349	788,394	53,374	87,057
Extracurricular Activities	455,234	459,851	342,174	372,057
Interest and Fiscal Charges	2,282,367	1,417,716	2,282,367	1,417,716
Total Expenses	\$32,169,309	\$30,568,936	\$24,470,254	\$22,939,053

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues of \$30.17 million and expenditures of \$32.40 million.

Total governmental funds fund balances decreased by \$1.01 million. This decrease was due primarily to a decrease in the fund balances of both the General Fund and Bond Retirement Fund. The decrease in the General Fund was due primarily to an increase in expenditures, while the decrease in the Bond Retirement Fund is due to both the additional costs associated with refunding debt and the decrease in revenue. General Fund fund balance at year end was \$2.14 million, while the Bond Retirement Fund fund balance was \$3.34 million.

The District has established a target level of a fund balance in the Bond Retirement Fund of two times its annual bonded debt service requirements or approximately \$3.6 million.

The Permanent Improvement Fund fund balance is used to accomplish the long-range objectives of the District for textbook replacement, technology upgrades and building maintenance. The fund balance in this fund at year end was \$3.55 million.

The District should remain stable in fiscal years 2006 through 2008. However, projections beyond fiscal year 2008 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

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

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During the course of fiscal year 2005, the District amended its General Fund budget several times. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors' flexibility for site management.

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was \$22,963,179 representing a \$1,296,717 increase from the original budget estimates of \$21,666,462. The final budget reflected a 5.98% increase from the original budgeted amount. Most of this difference was due to the District's conservative budgeting for property tax revenue on the original budget. For the General Fund, the final budget basis expenditures were \$23,213,507 representing an increase of \$1,831,250 from the original budget. The difference is the result of conservative estimates of expenditures on the original budget.

Debt Administration and Capital Assets

Debt Administration

At June 30, 2005, the District had \$16,760,000 million in bonds outstanding with \$2,285,000 due within one year. Table 5 summarizes bonds outstanding for fiscal year 2005 compared to fiscal year 2004. More detailed information concerning the District's debt can be found in the notes to the basic financial statements.

Table 5
Outstanding Debt, Governmental Activities at Year End

Purpose	2005	2004
Facility Construction Bonds (Refunding)	\$0	\$32,448
Facility Construction Bonds (Refunding)	1,770,000	2,335,000
Facility Construction Bonds (Refunding)	9,305,000	0
Facility Renovation Bonds	5,685,000	15,380,000
Total	<u>\$16,760,000</u>	<u>\$17,747,448</u>

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Capital Assets

At the end of fiscal year 2005, the District had \$46.1 million invested in capital assets for its governmental activities. That total carries an accumulated depreciation of \$23.0 million. Table 4 shows fiscal year 2005 balances compared to fiscal year 2004. More detailed information concerning the District's capital assets can be found in the notes to the basic financial statements.

Table 4
Capital Assets & Accumulated Depreciation at June 30, 2005

	<u>Governmental Activities</u>	
	2005	2004
<i>Nondepreciable Capital Assets:</i>		
Land	\$1,481,240	\$1,481,240
<i>Depreciable Capital Assets:</i>		
Land Improvements	2,973,530	2,973,530
Buildings and Improvements	35,328,477	35,328,477
Furniture, Fixtures and Equipment	3,216,236	3,177,478
Vehicles	1,763,680	1,763,680
Library and Textbooks	1,399,405	1,399,405
<i>Total Capital Assets</i>	46,162,568	46,123,810
<i>Less Accumulated Depreciation:</i>		
Land Improvements	1,844,230	1,755,427
Buildings and Improvements	15,482,826	14,562,777
Furniture, Fixtures and Equipment	2,927,491	2,811,445
Vehicles	1,358,811	1,253,499
Library and Textbooks	1,371,541	1,352,965
<i>Total Accumulated Depreciation</i>	22,984,899	21,736,113
Capital Assets, Net	\$23,177,669	\$24,387,697

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Current Issues

Athens City School District is considered a mid-wealth district. It is financially stable, and has been over the past several years. As indicated in the preceding financial information, the District is heavily dependent on property taxes. Property tax revenue does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning and the passage of a \$3.2 million levy in November of 2004 have permitted the District to provide a quality education for our students.

In 2005 the Ohio State Legislature passed HB66 which was the biennial budget bill for the State of Ohio which included several provisions impacting school funding:

- Elimination of Tangible Personal Property – This is the tax paid by businesses based on the value of their inventory, equipment, and fixtures. This property value is taxed at the full inside and voted tax rate and is not subject to the inflationary controls of HB920 passed in 1976. The State is phasing out this tax by reducing the 2004 value by 25% each year beginning in 2006 and ending in 2010. Ohio school districts are to be “held harmless” by receiving state funds to off-set the amount lost due to the decrease in value. This “hold harmless” is to be at 100% through 2011 and then it will begin to be phased down to zero in 2018.

Athens City School District has a \$24 million tangible personal property valuation which generates approximately \$1.2 million tax dollars annually. While the “hold harmless” provisions of this bill will keep us at the same funding level as 2004, it does not allow for growth and the District will need to find ways to reduce costs or increase local funding when the phase out period begins in 2011.

- Eliminated the 1998 Guarantee – There was a provision prior to FY2006 that provided a guarantee to districts that they would not fall below the amount of state basic aid they received in FY1998. They have, however, replaced that guarantee with two other items that will look at the per pupil funding as well as total basic aid funding and guarantee districts will receive a similar amount.

Athens City School District went on the 1998 guarantee in FY2005 in the amount of \$464,000. Under the new guarantee, the District expects to see a loss of approximately \$150,000 in state aid.

- Change in DPIA Funding – The funding referred to as Disadvantaged Pupil Impact Aid (DPIA) was replaced by Public Based Assistance (PBA). Both funding methods use a district's average and the State average of students from families on public assistance to calculate percentage of districts student population that is from low income families. However, the PBA has different thresholds that determine funding for several sub-types of funding while DPIA had one threshold to determine All-Day Kindergarten and only a total of three sub-types.

Athens City School District will see an increase of PBA versus DPIA of approximately \$325,000. However, since this line item is included in the guarantee calculation, the District will actually receive no increase in total funding yet have some of the funding which was previously free of restrictions now see its use determined by state law.

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Athens City School District does not anticipate any meaningful growth or loss in revenue as a result of these changes in the short term. Based on these factors, the Board of Education and the administration of the District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District.

Residential housing continues to experience growth outside the City of Athens but within the Athens City School District. These homes are being built in several new subdivisions and tend to be upscale in both style and price. Ohio University partnered with private developers and constructed an upscale apartment building. This was constructed as profit making ventures but the property remained tax-exempt. However, the University has decided to make an "In Lieu of Tax" payment each year to the City of Athens and to the Athens City School District to compensate for this being a tax-exempt facility. While there is no formal agreement the University has made payments over the past couple of years.

Commercial and Industrial property saw a growth of 10.71 and 42.23% respectively in assessed valuation in calendar 2005. The City has completed major improvements to the street and utilities to facilitate development. New commercial enterprises such as a Wal-Mart Superstore, Ruby Tuesday's restaurant, a Staples office retailer, and Lowe's Hardware Superstore opened in 2004. Additional commercial construction is on-going in late 2005 and 2006. Most of the new construction falls within an area that is under a Tax Increment Financing (TIF) agreement between the City of Athens and the District. Beginning in FY2005, the District received an "In Lieu" payment from the City that closely approximates the tax payment which would have been made by the commercial property owners. However, since the TIF area will be considered tax-exempt property, the property valuation will not be used by the State Department of Education when determining deduction from the District's funding amounts from FY2005 through the end of the 30 year TIF agreement.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Bryan M. Bunting, Chief Financial Officer of Athens City School Board of Education, 25 South Plains Road, The Plains, OH 45780 or e-mail at mbunting@athenscity.k12.oh.us.

ATHENS CITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$15,187,811
Property Taxes Receivable	15,769,572
Accounts Receivable	28,311
Intergovernmental Receivable	410,214
Accrued Interest Receivable	11,041
Prepaid Items	76,494
Inventory Held for Resale	11,033
Deferred Charges	153,986
<u>Restricted Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	89,642
Nondepreciable Capital Assets	1,481,240
Depreciable Capital Assets, Net	<u>21,696,429</u>
Total Assets	<u><u>54,915,773</u></u>
<u>Liabilities:</u>	
Accounts Payable	89,175
Accrued Wages and Benefits	2,025,108
Intergovernmental Payable	806,429
Accrued Interest Payable	40,659
Claims Payable	143,197
Unearned Revenue	14,183,324
Matured Compensated Absences Payable	271,914
<u>Long-Term Liabilities:</u>	
Due within One Year	2,701,331
Due in More Than One Year	<u>17,183,231</u>
Total Liabilities	<u><u>37,444,368</u></u>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	5,156,884
<u>Restricted for:</u>	
Capital Outlay	3,634,799
Debt Service	3,049,491
Other Purposes	723,608
Unrestricted	<u>4,906,623</u>
Total Net Assets	<u><u>\$17,471,405</u></u>

See accompanying notes to the basic financial statements

ATHENS CITY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets	
			Capital Grants and Contributions	Governmental Activities	
<u>Governmental Activities:</u>					
<i>Instruction:</i>					
Regular	\$13,662,796	\$96,889	\$960,597	\$81,624	(\$12,523,686)
Special	3,540,251	2,042,278	1,841,012	0	343,039
Vocational	399,059	0	38,639	0	(360,420)
Other	7,068	0	0	0	(7,068)
<i>Support Services:</i>					
Pupil	1,486,340	0	575,623	0	(910,717)
Instructional Staff	1,537,961	6,178	405,881	0	(1,125,902)
Board of Education	102,567	0	0	0	(102,567)
Administration	1,877,535	2,058	67,209	0	(1,808,268)
Fiscal	743,760	0	2,958	0	(740,802)
Business	157,231	0	0	0	(157,231)
Operation and Maintenance of Plant	3,062,608	0	0	21,281	(3,041,327)
Pupil Transportation	1,898,101	0	629,863	26,602	(1,241,636)
Central	160,082	0	44,328	0	(115,754)
<i>Operation of Non-Instructional Services:</i>					
Food Services	794,515	315,983	426,992	0	(51,540)
Other	1,834	0	0	0	(1,834)
Extracurricular Activities	455,234	100,120	12,940	0	(342,174)
Interest and Fiscal Charges	2,282,367	0	0	0	(2,282,367)
Total Governmental Activities	\$32,169,309	\$2,563,506	\$5,006,042	\$129,507	(24,470,254)
 <u>General Revenues:</u>					
<i>Property Taxes Levied for:</i>					
General Purposes					12,036,724
Debt Service					1,778,189
Capital Outlay					909,036
Grants and Entitlements not Restricted to Specific Programs					7,619,010
Payments in Lieu of Taxes					153,841
Investment Earnings					237,517
Miscellaneous					123,505
Total General Revenues					22,857,822
Change in Net Assets					(1,612,432)
<i>Net Assets at Beginning of Year</i>					19,083,837
<i>Net Assets at End of Year</i>					\$17,471,405

See accompanying notes to the basic financial statements

ATHENS CITY SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2005

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$4,113,652	\$3,268,766	\$3,535,307	\$609,276	\$11,527,001
Property Taxes Receivable	12,849,010	1,933,896	986,666	0	15,769,572
Accounts Receivable	28,291	0	0	20	28,311
Intergovernmental Receivable	0	0	0	410,214	410,214
Interfund Receivable	136,745	0	0	0	136,745
Prepaid Items	76,494	0	0	0	76,494
Inventory Held for Resale	0	0	0	11,033	11,033
<u>Restricted Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	89,642	0	0	0	89,642
Total Assets	\$17,293,834	\$5,202,662	\$4,521,973	\$1,030,543	\$28,049,012
<u>Liabilities and Fund Balances:</u>					
<u>Liabilities:</u>					
Accounts Payable	\$24,948	\$0	\$23,900	\$40,327	\$89,175
Accrued Wages and Benefits	1,743,499	0	0	281,609	2,025,108
Intergovernmental Payable	723,472	0	0	82,957	806,429
Interfund Payable	0	0	0	136,745	136,745
Deferred Revenue	12,391,947	1,862,552	950,508	129,255	15,334,262
Matured Compensated Absences Payable	271,914	0	0	0	271,914
Total Liabilities	15,155,780	1,862,552	974,408	670,893	18,663,633
<u>Fund Balances:</u>					
Reserved for Encumbrances	176,560	0	41,456	161,262	379,278
Reserved for Property Taxes	457,063	71,344	36,158	0	564,565
Reserved for Budget Stabilization	10,928	0	0	0	10,928
Reserved for Bus Purchases	78,714	0	0	0	78,714
<u>Unreserved, Undesignated, Reported in:</u>					
General Fund	1,414,789	0	0	0	1,414,789
Special Revenue Funds	0	0	0	148,680	148,680
Debt Service Fund	0	3,268,766	0	0	3,268,766
Capital Projects Funds	0	0	3,469,951	49,708	3,519,659
Total Fund Balances	2,138,054	3,340,110	3,547,565	359,650	9,385,379
Total Liabilities and Fund Balances	\$17,293,834	\$5,202,662	\$4,521,973	\$1,030,543	\$28,049,012

See accompanying notes to the basic financial statements

ATHENS CITY SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2005*

Total Governmental Funds Balances	\$9,385,379
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,177,669
Some of the District's receivables will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:	
Property taxes	588,846
Intergovernmental	562,092
Total receivables that are deferred in the funds	1,150,938
Unamortized issuance costs represent deferred charges which do not provide current financial resources and are therefore not reported in the funds.	153,986
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:	
General obligation bonds	(16,760,000)
Premium on bonds issued	(1,260,785)
Accrued interest on bonds	(40,659)
Early retirement incentive	(100,000)
Compensated absences	(1,763,777)
Total liabilities that are not reported in the funds	(19,925,221)
An internal service fund is used by management to charge the costs of insurance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	3,528,654
<i>Net Assets of Governmental Activities</i>	\$17,471,405
See accompanying notes to the basic financial statements	

ATHENS CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Taxes	\$11,882,550	\$1,784,270	\$908,395	\$0	\$14,575,215
Intergovernmental	8,666,469	218,473	106,407	3,519,234	12,510,583
Interest	159,689	0	40,262	1,160	201,111
Tuition and Fees	2,042,278	0	0	78,634	2,120,912
Extracurricular Activities	0	0	0	126,611	126,611
Rent	8,914	0	0	0	8,914
Charges for Services	0	0	0	315,983	315,983
Payments in Lieu of Taxes	153,841	0	0	0	153,841
Contributions and Donations	0	0	0	42,051	42,051
Miscellaneous	102,894	0	0	11,697	114,591
<i>Total Revenues</i>	<u>23,016,635</u>	<u>2,002,743</u>	<u>1,055,064</u>	<u>4,095,370</u>	<u>30,169,812</u>
<u>Expenditures:</u>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	10,936,979	0	590,118	1,173,770	12,700,867
Special	2,558,156	0	0	978,453	3,536,609
Vocational	381,780	0	0	0	381,780
Other	7,068	0	0	0	7,068
<i>Support Services:</i>					
Pupil	1,040,205	0	0	414,538	1,454,743
Instructional Staff	1,066,216	0	25,950	449,812	1,541,978
Board of Education	101,844	0	0	0	101,844
Administration	1,702,119	0	1,606	93,484	1,797,209
Fiscal	689,217	39,369	25,262	2,088	755,936
Business	163,604	0	0	0	163,604
Operation and Maintenance of Plant	3,078,734	0	130,978	0	3,209,712
Pupil Transportation	1,547,890	0	267,775	10,754	1,826,419
Central	114,265	0	0	49,649	163,914
Operation of Non-Instructional Services	2,995	0	3,840	797,780	804,615
Extracurricular Activities	349,664	0	0	76,263	425,927
Capital Outlay	0	0	16,873	0	16,873
<i>Debt Service:</i>					
Principal Retirement	0	987,448	0	0	987,448
Interest and Fiscal Charges	0	2,368,324	0	0	2,368,324
Bond Issuance Costs	0	153,987	0	0	153,987
<i>Total Expenditures</i>	<u>23,740,736</u>	<u>3,549,128</u>	<u>1,062,402</u>	<u>4,046,591</u>	<u>32,398,857</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(724,101)</u>	<u>(1,546,385)</u>	<u>(7,338)</u>	<u>48,779</u>	<u>(2,229,045)</u>
<u>Other Financing Sources (Uses):</u>					
Transfer In	0	0	0	24,643	24,643
Refunding Bonds Issued	0	9,305,000	0	0	9,305,000
Payment to Refund Bond Escrow Agent	0	(9,305,000)	0	0	(9,305,000)
Premium on Debt Issuance	0	1,217,474	0	0	1,217,474
Transfer Out	(24,643)	0	0	0	(24,643)
<i>Total Other Financing Sources (Uses)</i>	<u>(24,643)</u>	<u>1,217,474</u>	<u>0</u>	<u>24,643</u>	<u>1,217,474</u>
<i>Net Change in Fund Balances</i>	<u>(748,744)</u>	<u>(328,911)</u>	<u>(7,338)</u>	<u>73,422</u>	<u>(1,011,571)</u>
<i>Fund Balances at Beginning of Year</i>	<u>2,886,798</u>	<u>3,669,021</u>	<u>3,554,903</u>	<u>286,228</u>	<u>10,396,950</u>
<i>Fund Balances at End of Year</i>	<u>\$2,138,054</u>	<u>\$3,340,110</u>	<u>\$3,547,565</u>	<u>\$359,650</u>	<u>\$9,385,379</u>

See accompanying notes to the basic financial statements

ATHENS CITY SCHOOL DISTRICT
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2005*

Net Change in Fund Balances - Total Governmental Funds	(\$1,011,571)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,210,028)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:	
Property taxes	148,734
Intergovernmental	<u>201,925</u>
Total revenues not reported in the funds	350,659
Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. In the current period, proceeds were received from general obligation bonds, including a premium of \$1,217,474.	(10,522,474)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	10,292,448
Bond issuance costs are reported as expenditures in the governmental funds when due, but in the statement of activities these costs are accrued as deferred charges.	153,987
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	42,645
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Decrease in compensated absences	111,020
Decrease in intergovernmental payables	94,604
Increase in retirement incentive obligation	(100,000)
Decrease in premium on bonds	<u>43,311</u>
Total expenditures not reported in the funds	148,935
An internal service fund is used by management to charge the costs of insurance to individual funds. The net revenue of the internal service fund is reported as governmental activities.	<u>142,967</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$1,612,432)</u></u>

See accompanying notes to the basic financial statements

ATHENS CITY SCHOOL DISTRICT
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$10,365,267	\$11,857,370	\$11,857,370	\$0
Intergovernmental	9,043,584	8,666,469	8,666,469	0
Interest	138,743	159,689	159,689	0
Tuition and Fees	1,977,304	2,042,278	2,042,278	0
Rent	13,017	8,914	8,914	0
Payments in Lieu of Taxes	80,000	153,841	153,841	0
Miscellaneous	48,547	74,618	74,618	0
<i>Total Revenues</i>	21,666,462	22,963,179	22,963,179	0
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	10,079,761	10,679,482	10,679,482	0
Special	2,366,074	2,412,213	2,412,213	0
Vocational	395,731	383,958	383,958	0
Other	0	7,068	7,068	0
<i>Support Services:</i>				
Pupils	930,158	987,913	987,913	0
Instructional Staff	949,901	1,017,291	1,017,291	0
Board of Education	6,785	110,137	110,137	0
Administration	1,514,881	1,663,897	1,663,897	0
Fiscal	349,040	681,499	681,499	0
Business	163,073	159,928	159,928	0
Operation and Maintenance of Plant	2,908,530	3,108,251	3,108,251	0
Pupil Transportation	1,319,411	1,541,549	1,541,549	0
Central	88,211	113,558	113,558	0
Operation of Non-Instructional Services	25	166	166	0
Extracurricular Activities	310,676	346,597	346,597	0
<i>Total Expenditures</i>	21,382,257	23,213,507	23,213,507	0
<i>Excess of Revenues Over (Under) Expenditures</i>	284,205	(250,328)	(250,328)	0
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	43,630	43,630	0
Advances Out	0	(24,643)	(24,643)	0
Transfers Out	0	(108,384)	(108,384)	0
<i>Total Other Financing Sources (Uses)</i>	0	(89,397)	(89,397)	0
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	284,205	(339,725)	(339,725)	0
<i>Fund Balance at Beginning of Year</i>	4,132,917	4,132,917	4,132,917	0
Prior Year Encumbrances Appropriated	238,389	238,389	238,389	0
<i>Fund Balance at End of Year</i>	\$4,655,511	\$4,031,581	\$4,031,581	\$0

See accompanying notes to the basic financial statements.

ATHENS CITY SCHOOL DISTRICT

Statement of Net Assets

Proprietary Fund

June 30, 2005

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>Assets:</u>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$3,660,810
Accrued Interest Receivable	<u>11,041</u>
<i>Total Assets</i>	<u>3,671,851</u>
<u>Liabilities:</u>	
<i>Current Liabilities:</i>	
Claims Payable	<u>143,197</u>
<u>Net Assets:</u>	
Unrestricted	<u><u>\$3,528,654</u></u>

See accompanying notes to the basic financial statements

ATHENS CITY SCHOOL DISTRICT
*Statement of Revenues,
 Expenses and Change in Net Assets
 Proprietary Fund
 For the Fiscal Year Ended June 30, 2005*

	Governmental Activities
	Internal Service
<u>Operating Revenues:</u>	
Charges for Services	\$3,855,305
<u>Operating Expenses:</u>	
Purchased Services	625,124
Claims	3,123,620
<i>Total Operating Expenses</i>	3,748,744
<i>Operating Income</i>	106,561
<u>Nonoperating Revenue:</u>	
Interest	36,406
<i>Change in Net Assets</i>	142,967
<i>Net Assets at Beginning of Year</i>	3,385,687
<i>Net Assets at End of Year</i>	\$3,528,654

See accompanying notes to the basic financial statements

ATHENS CITY SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2005

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Services Provided	\$3,855,305
Cash Payments for Goods and Services	(631,855)
Cash Payments for Claims	<u>(3,478,082)</u>
<i>Net Cash from Operating Activities</i>	<u>(254,632)</u>
<u>Cash Flows from Investing Activities:</u>	
Cash Received from Investment Activities	<u>36,133</u>
<i>Net Cash from Investing Activities</i>	<u>36,133</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(218,499)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>3,879,309</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$3,660,810</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</u>	
Operating Income	\$106,561
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</u>	
<i>Increase (Decrease) in Liabilities:</i>	
Accounts Payable	(6,731)
Claims Payable	<u>(354,462)</u>
Total Adjustments	<u>(361,193)</u>
<i>Net Cash from Operating Activities</i>	<u><u>(\$254,632)</u></u>

See accompanying notes to the basic financial statements

ATHENS CITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2005

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$31,318	\$54,971
<u>Liabilities:</u>		
Due to Students	0	54,971
<u>Net Assets:</u>		
Unrestricted	\$31,318	\$0

See accompanying notes to the basic financial statements

ATHENS CITY SCHOOL DISTRICT
Statement of Change in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2005

	<u>Private Purpose Trust</u>
<i>Additions</i>	
Miscellaneous	<u>\$10,196</u>
<i>Total Additions</i>	10,196
<i>Deductions</i>	
	<u>0</u>
<i>Change in Net Assets</i>	10,196
<i>Net Assets at Beginning of Year</i>	<u>21,122</u>
<i>Net Assets at End of Year</i>	<u><u>\$31,318</u></u>

See accompanying notes to the basic financial statements

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ATHENS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Athens City School District (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established in the mid 1800's and in 1960 the District was consolidated with the portion of the Athens Local School District located in the City of Athens. The District was consolidated in 1964 with the Plains Local School District and the Chauncey Local School District. The District serves an area of approximately 58 square miles. It is located in Athens County, and includes the City of Athens and portions of the Village of Chauncey and the Townships of Athens, Canaan, Dover, and Waterloo. The District is the 156th largest in the State of Ohio (among 614 school districts) in terms of enrollment. It is staffed by 176 non-certificated employees, 228 certificated full-time teaching personnel and 19 administrative employees who provide services to 2,960 students and other community members. The District currently operates 7 instructional buildings, 1 administrative building and 2 garages.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Athens City School 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.

The following activity is included in the reporting entity:

River Valley Community School - A private school that operates within the District boundaries. Current State legislation provides funding to this private school. These monies are received and disbursed on behalf of the private school by the Treasurer of the District, as directed by the private school. The activity of these State monies is reflected as a Special Revenue Fund for financial reporting purposes.

The District is associated with four organizations, three of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are the Southeast Ohio Voluntary Education Cooperative, the Tri-County Career Center, the Coalition of Rural and Appalachian Schools and the Ohio School Boards Association Worker's Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 more significant of the District's accounting policies are described below.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The funds of the District fall within three categories: governmental, proprietary and fiduciary.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. 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- This fund is the operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund- This fund is used to account for financial resources accumulated for the payment of general long-term debt principal, interest and related costs.

Permanent Improvement Fund- This fund is used to account for financial resources to be used for the acquisition, construction or improvement of capital facilities.

The other governmental funds of the District account for grants and other resources of the District whose use is restricted to a particular purpose.

Proprietary Fund

The proprietary fund focus is on the determination of the change in net assets, financial position and cash flows and is classified as internal service. The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical and prescription drug benefits to employees.

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 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 custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds include one private purpose trust fund that accounts for unclaimed monies; and an agency fund which is used to account for student managed activities.

ATHENS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial 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.

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 balance 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange 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. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources are collectible 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, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). 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 the fiscal year-end: property taxes available for advance, grants and interest.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unearned/Deferred Revenue

Unearned/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 unearned/deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned/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 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.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During the fiscal year 2005, the District's investments were limited to the U.S. Treasury Notes and State Treasury Asset Reserve of Ohio (STAROhio). Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investments the investment could be sold for on June 30, 2005.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2005 amounted to \$159,689, which includes \$95,405 assigned from other District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents.

F. Inventory

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

ATHENS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of supplies held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed or used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. Restricted assets in the General Fund include amounts restricted for bus purchases and amounts required by statute to be set-aside by the District to create a reserve for budget stabilization. See Note 16 for additional information regarding set-asides.

I. Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	10 years
Books and Educational Media	5 years

ATHENS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the statement of net assets.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed 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 liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who are 45 years of age or older and have at least 10 years of service with the District.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

L. Accrued Liabilities and Long-Term Liabilities

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination of benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term liabilities are recognized as a liability on the fund financial statements when due.

M. 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.

Net assets restricted for other purposes are primarily from federal and state reported in the Special Revenue Funds.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

N. Fund Balance Reserves

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, budget stabilization, and bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the self-insurance service that is the primary activity of that fund.

P. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one 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 to the funds that initially paid for them are not presented on the financial statements.

Interfund transfers within the governmental activities are eliminated on the government-wide statements.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. For fiscal year 2005, the District reported no extraordinary or special items.

R. 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 on the financial statements and accompanying notes. Actual results may differ from those estimates.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The District Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund and function.

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

NOTE 3 - NEW GASB PRONOUNCEMENT

For fiscal year 2005, the District implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures." The implementation of GASB Statement No. 40 had some effect on the disclosure requirements, however, there was no effect on the net assets or fund balances of the District.

NOTE 4 - ACCOUNTABILITY

The following funds had a deficit fund balance as of June 30, 2005:

<i>Nonmajor Special Revenue Funds:</i>	
Food Service	\$49,017
Title I	43,069

The deficit in these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

ATHENS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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 and described earlier is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual GAAP basis are that:

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

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

<u>Net Change in Fund Balance</u>	
GAAP Basis	(\$748,744)
<i>Adjustments:</i>	
Revenue Accruals	(53,456)
Expenditure Accruals	327,155
Encumbrances	200,074
Other Sources (Uses)	(64,754)
Budget Basis	<u><u>(\$339,725)</u></u>

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must be either evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 6 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. During fiscal year 2005, the District complied with the provisions of these statutes.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 6 - DEPOSITS AND INVESTMENTS - (Continued)

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

At fiscal year end, the District had \$2,000 in undeposited cash on hand which is included on the balance sheet of District as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

At June 30, 2005, the carrying amount of all District deposits was \$4,781,326. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2005, \$4,718,921 of the District's bank balance of \$5,120,783 was exposed to custodial risk as discussed above while \$401,862 was covered by Federal Deposit Insurance. The \$4,718,921 exposed to custodial risk was uninsured and collateral was held by the pledging banks trust department not in the District's name.

Investments: As of June 30, 2005, the district had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>
STAROhio	\$5,491,102	\$5,491,102	\$0
U.S. Treasury Notes	147,443	147,443	0
Federal Home Loan Bank Bonds	1,986,414	1,240,948	745,466
Federal Home Loan Mortgage Notes	2,955,457	1,961,319	994,138
Totals	<u>\$10,580,416</u>	<u>\$8,840,812</u>	<u>\$1,739,604</u>

Interest Rate Risk: Interest rate risk is the risk, that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 6 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits its investments to those authorized by state statute. Standard and Poor's has assigned STAROhio a rating of "AAAm" and both the Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Notes "AAA". Rating disclosure is not required for the U.S. Treasury Notes.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investments be held in the name of the District. All of the District's investments are held in the name of the District.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary. The District's investments in STAROhio, Federal Home Loan Bank Bonds, and Federal Home Loan Mortgage Notes were 52%, 19%, and 28%, respectively, of the District's total investments.

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB No. 9. A reconciliation between the classifications of cash and investments on the financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$15,363,742	\$0
Cash on Hand	(2,000)	0
<i>Investments:</i>		
STAROhio	(5,491,102)	5,491,102
U.S. Treasury Notes	(147,443)	147,443
Federal Home Loan Bank Bonds	(1,986,414)	1,986,414
Federal Home Loan Mortgage Notes	(2,955,457)	2,955,457
GASB Statement No. 3	\$4,781,326	\$10,580,416

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31. Tangible personal property assessments are 25 percent of true value.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 7 - PROPERTY TAXES - (Continued)

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Athens County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005 are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the June 2005 personal property tax settlement, delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which become measurable as of June 30, 2005. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2005 was \$564,565 and is recognized as revenue. Of this total amount, \$457,063 was available to the General Fund, \$71,344 was available to the Bond Retirement Fund, and \$36,158 was available to the Permanent Improvement Fund.

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$362,411,010	88.61%	\$363,352,650	88.12%
Public Utility Personal	23,330,900	5.70%	24,141,860	5.86%
Tangible Personal Property	23,265,910	5.69%	24,836,581	6.02%
Total Assessed Value	<u>\$409,007,820</u>	<u>100.00%</u>	<u>\$412,331,091</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$67.90		\$69.78	

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 8 - RECEIVABLES

Receivables at June 30, 2005 consisted of property taxes, accounts (student fees), interfund, interest, and intergovernmental grants. 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:	
<hr/>	
<i>Nonmajor Special Revenue Funds:</i>	
Food Service	\$108,384
Title VI-B	141,819
Title I	110,454
Other Federal Support	49,557
Total Nonmajor Special Revenue Funds	<hr/> 410,214 <hr/>
Total Intergovernmental Receivables	<hr/> <u>\$410,214</u> <hr/>

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 9 - CAPITAL ASSETS

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

<u>Asset Category</u>	<u>Balance at July 1, 2004</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance at June 30, 2005</u>
<i>Nondepreciable Capital Assets:</i>				
Land	\$1,481,240	\$0	\$0	\$1,481,240
Total Nondepreciable Capital Assets	1,481,240	0	0	1,481,240
<i>Depreciable Capital Assets:</i>				
Land Improvements	2,973,530	0	0	2,973,530
Buildings and Improvements	35,328,477	0	0	35,328,477
Furniture, Fixtures and Equipment	3,177,478	38,758	0	3,216,236
Vehicles	1,763,680	0	0	1,763,680
Library and Textbooks	1,399,405	0	0	1,399,405
Total Depreciable Capital Assets	44,642,570	38,758	0	44,681,328
Total Capital Assets	46,123,810	38,758	0	46,162,568
<i>Accumulated Depreciation:</i>				
Land Improvements	(1,755,427)	(88,803)	0	(1,844,230)
Buildings and Improvements	(14,562,777)	(920,049)	0	(15,482,826)
Furniture, Fixtures and Equipment	(2,811,445)	(116,046)	0	(2,927,491)
Vehicles	(1,253,499)	(105,312)	0	(1,358,811)
Library and Textbooks	(1,352,965)	(18,576)	0	(1,371,541)
Total Accumulated Depreciation	(21,736,113)	(1,248,786)	0	(22,984,899)
Total Net Capital Assets	<u>\$24,387,697</u>	<u>(\$1,210,028)</u>	<u>\$0</u>	<u>\$23,177,669</u>

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$1,020,291
Special	7,455
Vocational	123
<i>Support Services:</i>	
Instructional Staff	32,389
Board of Education	886
Administration	8,998
Fiscal	78
Operation and Maintenance	9,889
Pupil Transportation	113,278
Central	705
Operation of Non-Instructional Services	11,782
Extracurricular Activities	42,912
	<hr/>
Total Depreciation Expense	<u><u>\$1,248,786</u></u>

ATHENS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 10 - 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 fiscal year 2005, the District contracted with Reed and Baur Insurance Agency of Athens, Ohio for liability insurance, property insurance, fleet and inland marine insurance through the Indiana Insurance and Mathews Insurance for boiler and machinery insurance. Coverages provided are as follows:

Building and Contents - replacement cost (90% co-insurance)	\$61,579,883
Boiler and Machinery (\$250 deductible)	10,000,000
Automobile Liability (\$500 deductible for collision and comprehensive)	1,000,000
Uninsured Motorists (\$500 deductible for collision and comprehensive) Each Accident	100,000
General Liability: Per Occurrence	1,000,000
Aggregate Limit	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

For fiscal year 2005, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 18). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

The District provides a limited health insurance program for its employees. Premiums are paid directly to a third party administrator, Anthem Blue Cross/Blue Shield, out of the District's Employee Benefits Self-Insurance Internal Service Fund. Anthem Blue Cross/Blue Shield services all claims submitted by employees. The Internal Service Fund presented in the financial statements reflects the premiums paid by the same funds that pay the employees' salaries. The premiums paid into the Internal Service Fund are used for claims, claim reserves and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$100,000 per employee per year.

The District also provides prescription drug insurance to its employees through a self-insured program. The third party administrator, Anthem reviews and pays claims for both certified and classified employees.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 10 - RISK MANAGEMENT - (Continued)

The claims liability of \$143,197 reported at June 30, 2005 is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2004	\$263,511	\$3,673,734	\$3,439,586	\$497,659
2005	497,659	3,123,620	3,478,082	143,197

NOTE 11 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The 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 State statute, Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2005, 9.09 percent of the annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$328,666, \$388,675, and \$340,858, respectively; 54.74 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2003 and 2002. \$148,748 representing the unpaid contribution for fiscal year 2005, is recorded as a liability in the financial statements.

State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who 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.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,590,208, \$1,639,667, and \$1,500,725, respectively; 84.69 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2004 and 2003. \$243,473 representing the unpaid contribution for fiscal year 2005, is recorded as a liability in the financial statements.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2005, no members of the Board of Education have elected Social Security.

NOTE 12 - POSTEMPLOYMENT 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-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions 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.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

The State Teachers Retirement 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 Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2005, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund from which payments for health care benefits are paid. For the District, this amount equaled \$122,324 during fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information year available). For the 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 years of qualifying service credit, disability and survivorship benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For fiscal year 2005, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$24,500. 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 at June 30, 2004, were \$223,443,805 and the target level was \$335.2 million. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$300.8 million. The number of participants currently receiving health care benefits is approximately 62,000. For the District, the amount to fund health care benefits, including the surcharge, equaled \$293,388 during the 2005 fiscal year.

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for aides and 220 for all other classified employees and 260 for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 50 days for aides and 55 days for all other classified employees and 65 days for certified employees.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 13 - EMPLOYEE BENEFITS - Continued

Dental, Vision, and Life Insurance

Dental insurance coverage is provided through Core Source, Inc. Vision insurance is provided by the District through Vision Services Plus (VSP), Inc. The employees share the cost of the monthly premium with the Board, which varies with employees depending on the terms of the union contract.

The District provides life insurance and accidental death and dismemberment insurance to all employees through Guardian, in the amount of \$25,000 for classified employees, \$25,000 for certified employees, \$50,000 for administrators, \$150,000 for the Superintendent, \$100,000 for the Business Manager, and \$100,000 for the Treasurer.

Retirement Incentive

On January 16, 1999, the District Board of Education approved a Retirement Incentive Program. Participation is open to members of the Athens Education Association the year in which the member first attains thirty years of service credit with the STRS. Such members must retire at the end of the first year of eligibility (June 30) in order to receive the retirement incentive. The Board has elected to make the retirement incentive a lump sum payment of \$20,000. Members who do not retire in the first year of eligibility will not receive the retirement incentive. The retirement incentive program is a part of the negotiated union contract and was in effect until January 15, 2005. As of June 30, 2005, there was a \$100,000 retirement incentive liability recorded by the District.

NOTE 14 - LONG-TERM LIABILITIES

The changes in the District's long-term liabilities during fiscal year 2005 were as follows:

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2004	Additions	Deletions	Principal Outstanding at June 30, 2005	Amount Due in One Year
Governmental Activities:							
Renovation Bonds	2000	6.01%	\$15,380,000	\$0	\$9,695,000	5,685,000	\$415,000
Refunding Bonds	1993	2.4-5.2%	32,448	0	32,448	0	0
Refunding Bonds	2003	3.0-4.0%	2,335,000	0	565,000	1,770,000	1,770,000
Refunding Bonds Term Bonds	2005	4.24%	0	9,165,000	0	9,165,000	100,000
Capital Appreciation Bonds			0	140,000	0	140,000	0
Issuance Premium on Bonds			86,623	1,217,474	43,312	1,260,785	104,185
Retirement Incentive Obligation			0	100,000	0	100,000	100,000
Compensated Absences			1,929,665	613,623	779,511	1,763,777	212,146
Total Governmental Activities Long-Term Liabilities			<u>\$19,763,736</u>	<u>\$11,236,097</u>	<u>\$11,115,271</u>	<u>\$19,884,562</u>	<u>\$2,701,331</u>

ATHENS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 14 - LONG-TERM LIABILITIES - (Continued)

Renovations General Obligation Bonds - In 2000, Athens City School District issued voted general obligation bonds in the amount of \$16,400,000 for the purpose of renovating the Middle School, High School and smaller projects at several other facilities. The bonds were issued for a twenty-four year period with final maturity at December 1, 2024. The proceeds from the sale of these bonds were recorded in the Building Fund. These bonds are retired through the Bond Retirement Fund using tax revenues.

Refunding General Obligation Bonds - The 1993 Series Refunding General Obligation Bonds were issued for the purpose of providing the funds necessary to advance refund \$3,305,000 of School Improvement Bonds, Series 1990 that were originally issued for \$5,000,000. The proceeds of the refunding were deposited in an irrevocable trust with Bank One Trust Company to provide for all future debt service payments. The payment to the escrow agent resulted in an in-substance defeasance of the 1990 Series bonds. As a result, the liability for the 1990 Series bonds was removed as a liability of the District. During fiscal year 2001, the defeased 1990 series bonds in the amount of \$3,305,000 were fully retired by the escrow agent. The 1990 series bonds were issued for the purpose of constructing, furnishing and equipping a new elementary school and other buildings and facilities for school purposes. During fiscal year 2004, the District issued \$2,335,000 of general obligation bonds for the current refunding of \$2,355,000 of the 1993 series bonds. The refunding bonds are retired through the Bond Retirement Fund using tax revenues.

Principal and interest requirements to retire renovation bonds and 2003 refunding bonds outstanding at June 30, 2005, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$2,185,000	\$366,520	\$2,551,520
2007	440,000	307,120	747,120
2008	465,000	283,248	748,248
2009	490,000	257,817	747,817
2010	515,000	230,805	1,268,702
2011-2015	1,865,000	864,389	2,729,389
2016-2020	1,495,000	100,914	1,595,914
Total	<u>\$7,455,000</u>	<u>\$2,410,813</u>	<u>\$9,865,813</u>

Refunding General Obligation Bonds - During fiscal year 2005, the District issued \$9,305,000 of general obligation bonds for the current refunding of \$9,305,000 of the 2000 series bonds. The \$1,217,474 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized over the life of this new debt, which has the same remaining life of the refunded debt of 20 years with a final maturity of December 1, 2024. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of \$554,389 and a reduction of \$856,312 in future debt service payments. The refunding bonds are retired through the Bond Retirement Fund using tax revenues.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 14 - LONG-TERM LIABILITIES - (Continued)

The term bonds maturing on December 1, 2024 (fiscal year 2025) are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the fiscal years and respective principal amounts as follows:

Fiscal Year Ended	Amount
2006	\$100,000
2007	125,000
2008	130,000
2009	130,000
2010	135,000
2011	140,000
2012	685,000
2013	0
2014	105,000
2015	110,000
2016	115,000
2017	120,000
2018	0
2019	905,000
2020	940,000
2021	1,000,000
2022	1,030,000
2023	1,080,000
2024	1,130,000
2025	1,185,000

Term bonds maturing on or after December 1, 2015, are subject to optional redemption, in whole or in part on any date at the option of the issuer on or after December 1, 2005, as follows:

Redemption Dates (Date Inclusive)	Redemption Prices
December 1, 2005 through November 30, 2015	101%
December 1, 2015 and thereafter	100%

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 14 - LONG-TERM LIABILITIES - (Continued)

The capital appreciation bonds are not subject to a mandatory sinking fund or optional redemption prior to stated maturity. The capital appreciation bonds will mature in fiscal years 2013 and 2018. The maturity amount of the bonds is \$1,620,000. For fiscal year 2005, no accretion was recorded for the capital appreciation bonds as the issuance date was June 23, 2005.

Principal and interest requirements to retire the 2005 refunding bonds outstanding at June 30, 2005, are as follows:

Fiscal Year Ending June 30,	Term Bonds	Capital Appreciation Bonds	Interest	Total
2006	\$100,000	\$0	\$363,648	\$463,648
2007	125,000	0	399,597	524,597
2008	130,000	0	395,772	525,772
2009	130,000	0	391,872	521,872
2010	135,000	0	387,897	522,897
2011-2015	1,040,000	715,000	2,430,429	4,185,429
2016-2020	2,080,000	905,000	2,497,036	5,482,036
2021-2025	5,425,000	0	670,696	6,095,696
Total	<u>\$9,165,000</u>	<u>\$1,620,000</u>	<u>\$7,536,947</u>	<u>\$18,321,947</u>

The above amortization table excludes the amortization of the issuance premium on the bonds.

The retirement incentives and compensated absences are paid from the fund from which the respective employees' salaries are paid. Most of the District's employees are paid from the General Fund, with the remainder being paid from the Food Service, Disadvantaged Pupil Impact Aid, Title VI-B and Title I Funds.

The District's overall legal debt margin was \$23,618,564 with an unvoted debt margin of \$412,331 at June 30, 2005.

NOTE 15 - INTERFUND ACTIVITY

As of June 30, 2005, receivables and payables that resulted from various interfund transactions were as follows:

Fund	Interfund Receivable	Interfund Payable
<i>General Fund</i>	\$136,745	\$0
<i>Nonmajor Special Revenue Fund:</i>		
Food Service	0	108,384
Title I	0	28,361
Total	<u>\$136,745</u>	<u>\$136,745</u>

ATHENS CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 15 - INTERFUND ACTIVITY - (Continued)

The interfund transactions were advances from the General Fund to help cover operating expenses in the Food Service and Title I Funds. These advances are expected to be repaid in fiscal year 2006.

Transfers made during the year ended June 30, 2005 were as follows:

Fund	Transfers From	Transfers To
<i>General Fund</i>	\$24,653	\$0
<i>Nonmajor Special Revenue Fund:</i>		
Food Service	0	24,643
Total	<u>\$24,653</u>	<u>\$0</u>

Transfers were made to the Food Service Fund to subsidize operations in that fund.

NOTE 16 - STATUTORY SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2005:

	Textbooks	Capital Improvements	Budget Stabilization	Totals
Set-Aside Balance as of July 1, 2004	\$0	\$0	\$10,928	10,928
Current Year Set-Aside Requirement	428,447	428,447	0	856,894
Qualifying Disbursements	(428,447)	(428,447)	0	(856,894)
Total	<u>0</u>	<u>0</u>	<u>10,928</u>	<u>10,928</u>
Set-Aside Balance as of June 30, 2005	<u>\$0</u>	<u>\$0</u>	<u>\$10,928</u>	
Total Restricted Assets				<u>\$10,928</u>

Although the District can have qualifying disbursements during the year that exceed the current year set-aside requirements in both the textbook and capital improvement reserve accounts, only the excess in the textbook reserve account can be carried forward to offset future years' textbook set-aside requirements. Each reserve must be represented by restricted cash at year-end and carried forward to be used for the same purposes in future years.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Southeast Ohio Voluntary Education Cooperative (SEOVEC)

Southeast Ohio Voluntary Education Cooperative, is a jointly governed organization created as a regional council of governments pursuant to State statutes. SEOVEC has 35 participants consisting of 26 school districts and 9 county boards of education. SEOVEC provides financial accounting services, educational management information, and cooperative purchasing services to member districts. Each member district pays a fee annually for services provided by SEOVEC. SEOVEC is governed by a governing board which is selected by the member districts. Each district has one vote in all matters, and each member district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the governing board. SEOVEC operates with its own Treasurer. The continued existence of SEOVEC is not dependent on the District's continued participation and no equity interest exists. SEOVEC has no outstanding debt. Financial statements for SEOVEC can be obtained from the Southeast Ohio Voluntary Education Cooperative, 221 North Columbus Road, Athens, Ohio 45701. The District made payments of \$64,668 to SEOVEC in fiscal year 2005.

Tri-County Career Center

The Tri-County Career Center is a jointly governed organization providing vocational services to its eight member Districts. The Center is governed by a board of education comprised of eleven members appointed by the participating schools. The board controls the financial activity of the Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2005, the District made no contributions to the Center. Financial information can be obtained from the Tri-County Career Center, 15676 State Route 691, Nelsonville, Ohio 45764.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various inservice for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Council. The District made no significant payments for membership in fiscal year 2005.

NOTE 18 - INSURANCE PURCHASING POOL

Ohio School Boards Association Worker's Compensation Group Rating Plan

The District participates in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP), and insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

ATHENS CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

NOTE 19 - CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2005.

Litigation

The District is party to legal proceedings. The District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

NOTE 20 - SCHOOL FUNDING

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 on its financial operations.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

ATHENS CITY SCHOOL DISTRICT
Description of Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than amounts related to expendable trusts or major capital projects) that are legally restricted by law and administrative action to expenditures for specified purposes. The following are descriptions of the District's nonmajor special revenue funds:

Nonmajor Special Revenue Funds

Food Service

A fund used to account for the financial transactions related to the food service operations of the District.

Uniform School Supplies

A fund used to account for the purchase and sale of school supplies as adopted by the Board of Education for use in the District. Profits derived from sales are used for school purposes or activities in connection with the school.

Other Local Support

A fund used to account for the proceeds of specific revenue sources, except for state and federal grants, that are legally restricted to expenditures for specified purposes. These sources include Martha Jennings Holden Grant, General PRC Grant, Trisolini Gallery Shop Grant, Betty Hoty Fuller Foundation, Phi Beta Phi, Public School Support and other miscellaneous local support.

District Managed Student Activities

To account for student activity programs which have student participation in the activity, but do not have student management of the programs.

Disadvantaged Pupil Impact Aid

A fund used to account for monies received for disadvantaged pupil impact aid.

Ohio Reads

A fund used to account for grant monies that are used to coordinate volunteers and administer a program to improve reading skills.

Other State Support

A fund used to account for various restricted monies received from State agencies which are not classified elsewhere. This state funding includes: Auxiliary Services Grant, Phonics Demonstration Grant, Teacher Development Grant, Gifted Children Grant, Management Information Systems, Preschool Grant, Entry Year Program Grant, OneNet Program, School Net Professional Development Grant, Summer School Subsidy, Extended Learning Opportunities Program and other miscellaneous state grants.

ATHENS CITY SCHOOL DISTRICT
Description of Funds

Nonmajor Special Revenue Funds (Continued)

Title VI-B

A fund used to account for programs to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

Title I

A fund used to account for financial assistance provided to State and local educational agencies to meet the special needs of educationally deprived children.

Other Federal Support

A fund used to account for monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere. This federal funding includes: Dwight D. Eisenhower Grant, Title II Grant, Title III Grant, Title VI Grant, Drug Free Schools Grant, EHA Preschool Grant for the Handicapped, Telecommunications Act (E-Rate) Grant, Goals 2000 Grant, Title VI-R Grant, and other miscellaneous federal grants.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the financing and acquisition or construction of major capital assets or facilities, such as new school buildings or additions to existing buildings, or for major renovation projects, other than those financed by proprietary funds or trust funds. The following is a description of the District's nonmajor capital projects funds.

Nonmajor Capital Projects Funds

Building

A fund used to account for the receipts and expenditures related to all special bond funds in the District, including the proceeds from the sale of the bonds, notes or certificates of indebtedness. Expenditures of the fund represent the costs of acquiring capital facilities including real property.

SchoolNet

A fund used to account for monies used to obtain computers and related educational technology equipment and/or necessary infrastructure for educational technology. This fund includes the SchoolNet Community Link Grant and SchoolNet Plus Grant.

ATHENS CITY SCHOOL DISTRICT
Description of Funds

INTERNAL SERVICE FUND

The Internal Service Fund is used to account for the financing of services provided by one department to other departments of the District on a cost-reimbursement basis. The following is a Description of the District's nonmajor internal service fund.

Employee Benefits Self-Insurance

A fund used to account for health and prescription drug self-insurance revenues and expenses. Since this is the only internal service fund, no combining statements for the internal service fund are presented.

FIDUCIARY FUNDS

Fiduciary funds 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. These include private purpose trust and agency funds.

Private Purpose Trust Fund

Private Purpose Trust Funds are used to report escheat property and all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Unclaimed Monies

To account for monies which have yet to be claimed by their rightful owners. These monies include outstanding checks that are over one year old.

Agency Fund

Agency Funds are used to account for assets held by the District in a purely custodial capacity.

Student Managed Activities

A fund used to account for those student activity programs which have student participation in the activity and have student involvement in the management of the program.

ATHENS CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$559,568	\$49,708	\$609,276
Accounts Receivable	20	0	20
Intergovernmental Receivable	410,214	0	410,214
Inventory Held for Resale	11,033	0	11,033
<i>Total Assets</i>	<u>\$980,835</u>	<u>\$49,708</u>	<u>\$1,030,543</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$40,327	\$0	\$40,327
Accrued Wages and Benefits	281,609	0	281,609
Intergovernmental Payable	82,957	0	82,957
Interfund Payable	136,745	0	136,745
Deferred Revenue	129,255	0	129,255
<i>Total Liabilities</i>	<u>670,893</u>	<u>0</u>	<u>670,893</u>
<u>Fund Balances:</u>			
Reserved for Encumbrances	161,262	0	161,262
<i>Unreserved, Undesignated, Reported in:</i>			
Special Revenue Funds	148,680	0	148,680
Capital Projects Funds	0	49,708	49,708
<i>Total Fund Balances</i>	<u>309,942</u>	<u>49,708</u>	<u>359,650</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$980,835</u>	<u>\$49,708</u>	<u>\$1,030,543</u>

ATHENS CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Intergovernmental	\$3,496,134	\$23,100	\$3,519,234
Interest	0	1,160	1,160
Tuition and Fees	78,634	0	78,634
Extracurricular Activities	126,611	0	126,611
Charges for Services	315,983	0	315,983
Contributions and Donations	42,051	0	42,051
Miscellaneous	11,697	0	11,697
<i>Total Revenues</i>	<u>4,071,110</u>	<u>24,260</u>	<u>4,095,370</u>
<u>Expenditures:</u>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	1,150,670	23,100	1,173,770
Special	978,453	0	978,453
<i>Support Services:</i>			
Pupil	414,538	0	414,538
Instructional Staff	449,812	0	449,812
Administration	93,484	0	93,484
Fiscal	2,088	0	2,088
Pupil Transportation	10,754	0	10,754
Central	49,649	0	49,649
Operation of Non-Instructional Services	797,780	0	797,780
Extracurricular Activities	76,263	0	76,263
<i>Total Expenditures</i>	<u>4,023,491</u>	<u>23,100</u>	<u>4,046,591</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>47,619</u>	<u>1,160</u>	<u>48,779</u>
<u>Other Financing Sources:</u>			
Transfers In	24,643	0	24,643
<i>Net Change in Fund Balances</i>	72,262	1,160	73,422
<i>Fund Balances at Beginning of Year</i>	<u>237,680</u>	<u>48,548</u>	<u>286,228</u>
<i>Fund Balances at End of Year</i>	<u><u>\$309,942</u></u>	<u><u>\$49,708</u></u>	<u><u>\$359,650</u></u>

ATHENS CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Food Service	Uniform School Supplies	Other Local Support	District Managed Activities
<u>Assets:</u>				
Equity In Pooled Cash and Cash Equivalents	\$7,609	\$27,741	\$93,038	\$75,975
Accounts Receivable	0	20	0	0
Intergovernmental Receivable	108,384	0	0	0
Inventory Held for Resale	11,033	0	0	0
<i>Total Assets</i>	<u>\$127,026</u>	<u>\$27,761</u>	<u>\$93,038</u>	<u>\$75,975</u>
<u>Liabilities and Fund Balances:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$21,888	\$13,483	\$4,068	\$232
Accrued Wages and Benefits	30,091	0	600	0
Intergovernmental Payable	15,680	0	300	0
Interfund Payable	108,384	0	0	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>176,043</u>	<u>13,483</u>	<u>4,968</u>	<u>232</u>
<u>Fund Balances:</u>				
Reserved for Encumbrances	0	0	6,667	593
<i>Unreserved, Undesignated, Reported in:</i> Special Revenue Funds	<u>(49,017)</u>	<u>14,278</u>	<u>81,403</u>	<u>75,150</u>
<i>Total Fund Balances</i>	<u>(49,017)</u>	<u>14,278</u>	<u>88,070</u>	<u>75,743</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$127,026</u>	<u>\$27,761</u>	<u>\$93,038</u>	<u>\$75,975</u>

Disadvantaged Pupil Impact Aid	Ohio Reads	Other State Support	Title VI-B	Title I	Other Federal Support	Total Nonmajor Special Revenue Funds
\$165,356	\$977	\$85,321	\$2,908	\$0	\$100,643	\$559,568
0	0	0	0	0	0	20
0	0	0	141,819	110,454	49,557	410,214
0	0	0	0	0	0	11,033
<u>\$165,356</u>	<u>\$977</u>	<u>\$85,321</u>	<u>\$144,727</u>	<u>\$110,454</u>	<u>\$150,200</u>	<u>\$980,835</u>
\$0	\$0	\$656	\$0	\$0	\$0	\$40,327
101,770	0	8,272	45,015	64,555	31,306	281,609
24,123	263	4,149	11,004	19,175	8,263	82,957
0	0	0	0	28,361	0	136,745
0	0	0	74,507	41,432	13,316	129,255
<u>125,893</u>	<u>263</u>	<u>13,077</u>	<u>130,526</u>	<u>153,523</u>	<u>52,885</u>	<u>670,893</u>
10,000	5,862	31,720	0	7,600	98,820	161,262
29,463	(5,148)	40,524	14,201	(50,669)	(1,505)	148,680
<u>39,463</u>	<u>714</u>	<u>72,244</u>	<u>14,201</u>	<u>(43,069)</u>	<u>97,315</u>	<u>309,942</u>
<u>\$165,356</u>	<u>\$977</u>	<u>\$85,321</u>	<u>\$144,727</u>	<u>\$110,454</u>	<u>\$150,200</u>	<u>\$980,835</u>

ATHENS CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Food Service	Uniform School Supplies	Other Local Support	District Managed Activities
<u>Revenues:</u>				
Intergovernmental	\$420,992	\$0	\$21,228	\$0
Tuition and Fees	0	63,943	14,691	0
Extracurricular Activities	0	0	26,491	100,120
Charges for Services	315,983	0	0	0
Contributions and Donations	6,000	0	23,111	12,940
Miscellaneous	4,327	0	0	7,370
<i>Total Revenues</i>	<u>747,302</u>	<u>63,943</u>	<u>85,521</u>	<u>120,430</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	0	69,085	57,250	0
Special	0	0	0	16,634
<i>Support Services:</i>				
Pupil	0	5,228	0	0
Instructional Staff	0	0	14,044	0
Administration	0	0	1,777	0
Fiscal	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	797,780	0	0	0
Extracurricular Activities	0	0	477	75,786
<i>Total Expenditures</i>	<u>797,780</u>	<u>74,313</u>	<u>73,548</u>	<u>92,420</u>
<u>Other Financing Sources:</u>				
Transfers In	24,643	0	0	0
<i>Net Change in Fund Balances</i>	(25,835)	(10,370)	11,973	28,010
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>(23,182)</u>	<u>24,648</u>	<u>76,097</u>	<u>47,733</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>(\$49,017)</u>	<u>\$14,278</u>	<u>\$88,070</u>	<u>\$75,743</u>

Disadvantaged Pupil Impact Aid	Ohio Reads	Other State Support	Title VI-B	Title I	Other Federal Support	Total Nonmajor Special Revenue Funds
\$895,967	\$41,348	\$166,126	\$509,882	\$676,242	\$764,349	\$3,496,134
0	0	0	0	0	0	78,634
0	0	0	0	0	0	126,611
0	0	0	0	0	0	315,983
0	0	0	0	0	0	42,051
0	0	0	0	0	0	11,697
<u>895,967</u>	<u>41,348</u>	<u>166,126</u>	<u>509,882</u>	<u>676,242</u>	<u>764,349</u>	<u>4,071,110</u>
647,876	41,879	80,321	286	0	253,973	1,150,670
0	0	0	385,442	576,094	283	978,453
51,035	0	120	53,002	1,039	304,114	414,538
312,457	9,218	4,978	20,937	20,175	68,003	449,812
0	2,227	7,868	0	77,990	3,622	93,484
0	0	2,088	0	0	0	2,088
0	0	0	0	0	10,754	10,754
0	0	37,649	0	0	12,000	49,649
0	0	0	0	0	0	797,780
0	0	0	0	0	0	76,263
<u>1,011,368</u>	<u>53,324</u>	<u>133,024</u>	<u>459,667</u>	<u>675,298</u>	<u>652,749</u>	<u>4,023,491</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,643</u>
(115,401)	(11,976)	33,102	50,215	944	111,600	72,262
<u>154,864</u>	<u>12,690</u>	<u>39,142</u>	<u>(36,014)</u>	<u>(44,013)</u>	<u>(14,285)</u>	<u>237,680</u>
<u>\$39,463</u>	<u>\$714</u>	<u>\$72,244</u>	<u>\$14,201</u>	<u>(\$43,069)</u>	<u>\$97,315</u>	<u>\$309,942</u>

ATHENS CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2005

	Building	SchoolNet	Total Nonmajor Capital Projects Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$49,708	\$0	\$49,708
<i>Liabilities</i>	\$0	\$0	\$0
<u>Fund Balances:</u>			
<i>Unreserved, Undesignated, Reported in:</i>			
Capital Projects Funds	\$49,708	\$0	\$49,708

ATHENS CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005

	<u>Building</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues:</u>			
Intergovernmental	\$0	\$23,100	\$23,100
Interest	1,160	0	1,160
<i>Total Revenues</i>	<u>1,160</u>	<u>23,100</u>	<u>24,260</u>
<u>Expenditures:</u>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	0	23,100	23,100
<i>Net Change in Fund Balances</i>	1,160	0	1,160
<i>Fund Balances at Beginning of Year</i>	<u>48,548</u>	<u>0</u>	<u>48,548</u>
<i>Fund Balances at End of Year</i>	<u><u>\$49,708</u></u>	<u><u>\$0</u></u>	<u><u>\$49,708</u></u>

ATHENS CITY SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
 Agency Fund
 For the Fiscal Year Ended June 30, 2005

	Student Activity	Additions	Deductions	Total
<u>Assets:</u>				
Equity Pooled in Cash and Cash Equivalents	\$49,658	\$122,570	\$117,257	\$54,971
<u>Liabilities:</u>				
Accounts Payable	\$750	\$0	\$750	\$0
Due to Students	48,908	122,570	116,507	54,971
<i>Total Liabilities</i>	\$49,658	\$122,570	\$117,257	\$54,971

ATHENS CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Taxes	\$10,365,267	\$11,857,370	\$11,857,370	\$0
Intergovernmental	9,043,584	8,666,469	8,666,469	0
Interest	138,743	159,689	159,689	0
Tuition and Fees	1,977,304	2,042,278	2,042,278	0
Rent	13,017	8,914	8,914	0
Payment in Lieu of Taxes	80,000	153,841	153,841	0
Miscellaneous	48,547	74,618	74,618	0
Total Revenues	21,666,462	22,963,179	22,963,179	0
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	7,401,043	7,235,575	7,235,575	0
Fringe Benefits	2,464,965	2,444,476	2,444,476	0
Purchased Services	108,862	875,122	875,122	0
Materials and Supplies	98,865	120,266	120,266	0
Other	0	96	96	0
Capital Outlay	6,026	3,947	3,947	0
Total Regular Instruction	10,079,761	10,679,482	10,679,482	0
Special				
Salaries	1,758,086	1,768,549	1,768,549	0
Fringe Benefits	577,072	578,166	578,166	0
Purchased Services	1,318	31,825	31,825	0
Materials and Supplies	22,298	21,046	21,046	0
Capital Outlay	7,300	12,627	12,627	0
Total Special Instruction	2,366,074	2,412,213	2,412,213	0
Vocational				
Salaries	270,951	257,842	257,842	0
Fringe Benefits	83,305	78,842	78,842	0
Purchased Services	2,400	1,212	1,212	0
Materials and Supplies	22,981	31,588	31,588	0
Capital Outlay	16,094	14,474	14,474	0
Total Vocational Instruction	395,731	383,958	383,958	0
Other				
Salaries	0	5,604	5,604	0
Fringe Benefits	0	1,464	1,464	0
Total Other Instruction	0	7,068	7,068	0
Total Instruction	12,841,566	13,482,721	13,482,721	0
<i>Support Services:</i>				
Pupils				
Salaries	669,459	655,386	655,386	0
Fringe Benefits	195,421	199,661	199,661	0
Purchased Services	56,212	39,073	39,073	0
Materials and Supplies	7,066	8,957	8,957	0
Other	0	83,222	83,222	0
Capital Outlay	2,000	1,614	1,614	0
Total Pupils	930,158	987,913	987,913	0

(Continued)

ATHENS CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Instructional Staff				
Salaries	567,382	598,010	598,010	0
Fringe Benefits	359,393	397,300	397,300	0
Purchased Services	8,269	4,434	4,434	0
Materials and Supplies	11,998	11,832	11,832	0
Capital Outlay	2,859	5,715	5,715	0
Total Instructional Staff	949,901	1,017,291	1,017,291	0
Board of Education				
Salaries	6,407	8,375	8,375	0
Fringe Benefits	103	121	121	0
Purchased Services	0	55,797	55,797	0
Materials and Supplies	0	454	454	0
Other	275	45,390	45,390	0
Total Board of Education	6,785	110,137	110,137	0
Administration				
Salaries	1,076,924	1,109,325	1,109,325	0
Fringe Benefits	425,803	483,778	483,778	0
Purchased Services	2,556	15,956	15,956	0
Materials and Supplies	6,340	8,408	8,408	0
Other	0	43,702	43,702	0
Capital Outlay	3,258	2,728	2,728	0
Total Administration	1,514,881	1,663,897	1,663,897	0
Fiscal				
Salaries	244,631	246,362	246,362	0
Fringe Benefits	96,345	104,034	104,034	0
Purchased Services	4,795	29,682	29,682	0
Materials and Supplies	2,269	5,119	5,119	0
Other	0	290,553	290,553	0
Capital Outlay	1,000	5,749	5,749	0
Total Fiscal	349,040	681,499	681,499	0
Business				
Salaries	113,046	114,382	114,382	0
Fringe Benefits	41,527	42,037	42,037	0
Purchased Services	5,500	1,812	1,812	0
Materials and Supplies	2,000	1,203	1,203	0
Other	500	90	90	0
Capital Outlay	500	404	404	0
Total Business	163,073	159,928	159,928	0
Operation and Maintenance of Plant				
Salaries	1,254,035	1,252,573	1,252,573	0
Fringe Benefits	470,664	540,594	540,594	0
Purchased Services	760,701	832,222	832,222	0
Materials and Supplies	423,130	482,862	482,862	0
Total Operation and Maintenance of Plant	2,908,530	3,108,251	3,108,251	0

(Continued)

ATHENS CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Pupil Transportation				
Salaries	661,279	855,633	855,633	0
Fringe Benefits	446,532	511,599	511,599	0
Purchased Services	8,324	8,545	8,545	0
Materials and Supplies	130,482	101,409	101,409	0
Other	46,375	37,944	37,944	0
Capital Outlay	26,419	26,419	26,419	0
Total Pupil Transportation	1,319,411	1,541,549	1,541,549	0
Central				
Salaries	53,372	48,354	48,354	0
Fringe Benefits	20,974	23,990	23,990	0
Purchased Services	4,800	33,374	33,374	0
Materials and Supplies	6,065	3,301	3,301	0
Capital Outlay	3,000	4,539	4,539	0
Total Central	88,211	113,558	113,558	0
Total Support Services	8,229,990	9,384,023	9,384,023	0
<i>Operation of Non-Instructional Services:</i>				
Food Service Operations				
Salaries	25	156	156	0
Fringe Benefits	0	10	10	0
Total Food Service Operations	25	166	166	0
Total Operation of Non-Instructional Services	25	166	166	0
<i>Extracurricular Activities:</i>				
Academic Oriented Activities				
Salaries	68,350	75,912	75,912	0
Fringe Benefits	14,572	16,347	16,347	0
Total Academic Oriented Activities	82,922	92,259	92,259	0
Sport Oriented Activities				
Salaries	181,388	198,537	198,537	0
Fringe Benefits	46,366	46,801	46,801	0
Purchased Services	0	9,000	9,000	0
Total Sport Oriented Activities	227,754	254,338	254,338	0
Total Extracurricular Activities	310,676	346,597	346,597	0
Total Expenditures	21,382,257	23,213,507	23,213,507	0
Excess of Revenues Over (Under) Expenditures	284,205	(250,328)	(250,328)	0
<u>Other Financing Sources (Uses):</u>				
Advances In	0	43,630	43,630	0
Transfers Out	0	(24,643)	(24,643)	0
Advances Out	0	(108,384)	(108,384)	0
Total Other Financing Sources (Uses)	0	(89,397)	(89,397)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	284,205	(339,725)	(339,725)	0
Fund Balance at Beginning of Year	4,132,917	4,132,917	4,132,917	0
Prior Year Encumbrances Appropriated	238,389	238,389	238,389	0
Fund Balance at End of Year	<u>\$4,655,511</u>	<u>\$4,031,581</u>	<u>\$4,031,581</u>	<u>\$0</u>

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Bond Retirement Debt Service Fund
For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Revenues:</u>				
Taxes	\$1,747,041	\$1,820,683	\$1,820,683	\$0
Intergovernmental	267,016	218,473	218,473	0
<i>Total Revenues</i>	<u>2,014,057</u>	<u>2,039,156</u>	<u>2,039,156</u>	<u>0</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Support Services:</i>				
<i>Fiscal</i>				
Other	1,000	39,369	39,369	0
<i>Debt Service:</i>				
Principal Retirement	0	1,272,552	1,272,552	0
Interest and Fiscal Charges	0	1,019,733	1,019,733	0
<i>Total Expenditures</i>	<u>1,000</u>	<u>2,331,654</u>	<u>2,331,654</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	2,013,057	(292,498)	(292,498)	0
Fund Balance at Beginning of Year	<u>3,561,263</u>	<u>3,561,263</u>	<u>3,561,263</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$5,574,320</u></u>	<u><u>\$3,268,765</u></u>	<u><u>\$3,268,765</u></u>	<u><u>\$0</u></u>

ATHENS CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Permanent Improvement Capital Projects Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Taxes	\$933,051	\$921,600	\$921,600	\$0
Intergovernmental	158,809	106,407	106,407	0
Interest	57,024	40,262	40,262	0
<i>Total Revenues</i>	1,148,884	1,068,269	1,068,269	0
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Materials and Supplies	39,772	231,943	231,943	0
Capital Outlay	300,044	343,395	343,395	0
Total Regular	339,816	575,338	575,338	0
Total Instruction	339,816	575,338	575,338	0
<i>Support Services:</i>				
<i>Instructional Staff</i>				
Purchased Services	17,760	16,669	16,669	0
Materials and Supplies	13,351	9,671	9,671	0
Capital Outlay	6,071	730	730	0
Total Instructional Staff	37,182	27,070	27,070	0
<i>Administration</i>				
Capital Outlay	5,033	1,606	1,606	0
<i>Fiscal</i>				
Purchased Services	2,100	2,133	2,133	0
Other	1,000	0	0	0
Capital Outlay	0	23,129	23,129	0
Total Fiscal	3,100	25,262	25,262	0
<i>Operation and Maintenance of Plant</i>				
Purchased Services	74,723	148,057	148,057	0
Capital Outlay	11,380	31,946	31,946	0
Total Operation Maintenance of Plant	86,103	180,003	180,003	0
<i>Pupil Transportation</i>				
Capital Outlay Replacement	267,775	267,775	267,775	0
Total Support Services	399,193	501,716	501,716	0
<i>Operation of Non-Instructional Services</i>				
<i>Food Service Operation</i>				
Capital Outlay	5,000	9,931	9,931	0
Total Operation of Non-Instructional Services	5,000	9,931	9,931	0
<i>Capital Outlay:</i>				
<i>Site Improvement Services</i>				
Capital Outlay Replacement	0	39,201	39,201	0

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Budget Basis)
 Permanent Improvement Capital Projects Fund
 For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Architecture and Engineering Services				
Purchased Services	4,765	12,682	12,682	0
Total Capital Outlay	4,765	51,883	51,883	
<i>Total Expenditures</i>	<u>748,774</u>	<u>1,138,868</u>	<u>1,138,868</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	400,110	(70,599)	(70,599)	0
Fund Balance at Beginning of Year	3,127,137	3,127,137	3,127,137	0
Prior Year Encumbrances Appropriated	413,413	413,413	413,413	0
Fund Balance at End of Year	<u>\$3,940,660</u>	<u>\$3,469,951</u>	<u>\$3,469,951</u>	<u>\$0</u>

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)*
Food Service Special Revenue Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$366,727	\$323,385	\$323,385	\$0
Gifts and Donations	\$0	\$6,000	\$6,000	0
Charges for Services	321,427	315,983	315,983	0
Miscellaneous	4,221	4,327	4,327	0
<i>Total Revenues</i>	692,375	649,695	649,695	0
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Operation of Non-Instructional Services:</i>				
Food Service				
Salaries	285,217	252,170	252,170	0
Fringe Benefits	162,597	179,322	179,322	0
Purchased Services	10,723	8,535	8,535	0
Materials and Supplies	306,568	298,901	298,901	0
Capital Outlay	662	0	0	0
<i>Total Expenditures</i>	765,767	738,928	738,928	0
Excess of Revenues Over (Under) Expenditures	(73,392)	(89,233)	(89,233)	0
<u>Other Financing Sources (Uses):</u>				
Advances In	43,848	108,384	108,384	0
Transfers In	0	24,643	24,643	0
Advances Out	0	(43,630)	(43,630)	0
<i>Total Other Financing Sources (Uses)</i>	43,848	89,397	89,397	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(29,544)	164	164	0
Fund Balance at Beginning of Year	3,287	3,287	3,287	0
Fund Balance at End of Year	(\$26,257)	\$3,451	\$3,451	\$0

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Uniform School Supplies Special Revenue Fund
For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Tuition and Fees	\$64,833	\$64,028	\$64,028	\$0
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Materials and Supplies	74,926	61,926	61,926	0
Other		700	700	0
Total Regular	74,926	62,626	62,626	0
<i>Support Services:</i>				
Pupils				
Materials and Supplies	924	5,406	5,406	0
Total Expenditures	75,850	68,032	68,032	0
Excess of Revenues Over (Under) Expenditures	(11,017)	(4,004)	(4,004)	0
Fund Balance at Beginning of Year	19,810	19,810	19,810	0
Prior Year Encumbrances Appropriated	6,518	6,518	6,518	0
Fund Balance at End of Year	\$15,311	\$22,324	\$22,324	\$0

ATHENS CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Other Local Support Special Revenue Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$21,228	\$21,228	\$0
Tuition and Fees	7,525	14,691	14,691	0
Extracurricular Activities	27,948	26,491	26,491	0
Gifts and Donations	4,379	23,111	23,111	0
<i>Total Revenues</i>	39,852	85,521	85,521	0
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	0	592	592	0
Fringe Benefits	0	92	92	0
Purchased Services	15,287	10,163	10,163	0
Materials and Supplies	18,274	37,619	37,619	0
Other	6,336	8,733	8,733	0
Capital Outlay	14,355	5,762	5,762	0
Total Regular Instruction	54,252	62,961	62,961	0
<i>Support Services:</i>				
Instructional Staff				
Salaries	0	6,701	6,701	0
Fringe Benefits	0	2,977	2,977	0
Purchased Services	0	2,999	2,999	0
Materials and Supplies	0	1,730	1,730	0
Total Instructional Staff	0	14,407	14,407	0
Administration				
Materials and Supplies	9,085	2,576	2,576	0
Capital Outlay	7,232	0	0	0
Total Administration	16,317	2,576	2,576	0
Total Support Services	16,317	16,983	16,983	0
<i>Extracurricular Activities:</i>				
Academic Oriented Activities				
Materials and Supplies	477	674	674	0
<i>Total Expenditures</i>	70,569	79,944	79,944	0
Excess of Revenues Over (Under) Expenditures	(30,717)	5,577	5,577	0
Fund Balance at Beginning of Year	71,671	71,671	71,671	0
Prior Year Encumbrances Appropriated	5,255	5,255	5,255	0
Fund Balance at End of Year	\$46,209	\$82,503	\$82,503	\$0

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
District Managed Student Activities Special Revenue Fund
For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Extracurricular Activities	\$68,500	\$100,120	\$100,120	\$0
Gifts and Donations	100	12,940	12,940	0
Miscellaneous	0	7,370	7,370	0
<i>Total Revenues</i>	68,600	120,430	120,430	0
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
<i>Special</i>				
Purchased Services	0	16,634	16,634	0
<i>Extracurricular Activities:</i>				
<i>Academic Oriented Activities</i>				
Purchased Services	100	1,956	1,956	0
Materials and Supplies	1,725	7,377	7,377	0
Other	0	196	196	0
Capital Outlay	900	2,125	2,125	0
<i>Total Academic Oriented Extracurricular Activities</i>	2,725	11,654	11,654	0
<i>Sport Oriented Activities</i>				
Purchased Services	24,394	31,004	31,004	0
Materials and Supplies	32,741	24,976	24,976	0
Other	9,713	6,104	6,104	0
Capital Outlay	21,000	2,374	2,374	0
<i>Total Sport Oriented Extracurricular Activities</i>	87,848	64,458	64,458	0
<i>School & Public Service Co-Curricular Activities</i>				
Materials and Supplies	0	267	267	0
<i>Total Extracurricular Activities</i>	90,573	76,379	76,379	0
<i>Total Expenditures</i>	90,573	93,013	93,013	0
Excess of Revenues Over (Under) Expenditures	(21,973)	27,417	27,417	0
Fund Balance at Beginning of Year	45,159	45,159	45,159	0
Prior Year Encumbrances Appropriated	2,573	2,573	2,573	0
Fund Balance at End of Year	\$25,759	\$75,149	\$75,149	\$0

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Disadvantaged Pupil Impact Aid Special Revenue Fund
For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$878,400	\$878,400	\$895,967	\$17,567
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	74,675	486,357	486,357	0
Fringe Benefits	27,334	144,335	144,335	0
Total Regular Instruction	102,009	630,692	630,692	0
<i>Support Services:</i>				
Pupils				
Salaries	5,988	27,918	27,918	0
Fringe Benefits	217	20,738	20,738	0
Total Pupils	6,205	48,656	48,656	0
Instructional Staff				
Salaries	85,714	173,940	173,940	0
Fringe Benefits	47,237	141,763	141,763	0
Total Instructional Staff	132,951	315,703	315,703	0
Total Support Services	139,156	364,359	364,359	0
<i>Total Expenditures</i>	241,165	995,051	995,051	0
Excess of Revenues Over (Under) Expenditures	637,235	(116,651)	(99,084)	17,567
Fund Balance at Beginning of Year	246,222	246,222	246,222	0
Prior Year Encumbrances Appropriated	8,220	8,220	8,220	0
Fund Balance at End of Year	\$891,677	\$137,791	\$155,358	\$17,567

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Ohio Reads Special Revenue Fund
For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$50,000	\$41,348	(\$8,652)
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	11,289	22,442	22,056	386
Fringe Benefits	1,266	2,701	2,541	160
Purchased Services	897	4,961	4,926	35
Materials and Supplies	874	19,945	18,139	1,806
Other	3	1,000	1,000	0
Total Regular Instruction	<u>14,329</u>	<u>51,049</u>	<u>48,662</u>	<u>2,387</u>
<i>Support Services:</i>				
Instructional Staff				
Salaries	701	6,259	5,700	559
Fringe Benefits	245	1,046	957	89
Purchased Services	1	1,363	958	405
Materials and Supplies	318	3,361	3,319	42
Total Instructional Staff	<u>1,265</u>	<u>12,029</u>	<u>10,934</u>	<u>1,095</u>
Administration				
Purchased Services	0	1,728	1,727	1
Materials and Supplies	0	500	500	0
Total Administration	<u>0</u>	<u>2,228</u>	<u>2,227</u>	<u>1</u>
Total Support Services	<u>1,265</u>	<u>14,257</u>	<u>13,161</u>	<u>1,096</u>
<i>Total Expenditures</i>	<u>15,594</u>	<u>65,306</u>	<u>61,823</u>	<u>3,483</u>
Excess of Revenues Over (Under) Expenditures	(15,594)	(15,306)	(20,475)	(5,169)
Fund Balance at Beginning of Year	14,488	14,488	14,488	0
Prior Year Encumbrances Appropriated	<u>1,104</u>	<u>1,104</u>	<u>1,104</u>	<u>0</u>
Fund Balance at End of Year	<u>(\$2)</u>	<u>\$286</u>	<u>(\$4,883)</u>	<u>(\$5,169)</u>

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Other State Support Special Revenue Fund
For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$173,189	\$166,126	(\$7,063)
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	18,401	76,831	40,139	36,692
Fringe Benefits	2,704	5,748	14,979	(9,231)
Purchased Services	197	16,092	14,995	1,097
Materials and Supplies	4,084	6,984	4,972	2,012
Other	3,268	14,210	11,300	2,910
Capital Outlay	577	15,872	15,872	0
Total Regular Instruction	29,231	135,737	102,257	33,480
<i>Support Services:</i>				
Pupils				
Materials and Supplies	138	200	200	0
Instructional Staff				
Salaries	323	2,028	228	1,800
Fringe Benefits	79	503	225	278
Purchased Services	5,400	1,857	1,332	525
Materials and Supplies	1,556	6,227	6,034	193
Capital Outlay	1,792	170	170	0
Total Instructional Staff	9,150	10,785	7,989	2,796
Administration				
Salaries	7,103	6,244	6,174	70
Fringe Benefits	2,354	1,785	1,768	17
Total Administration	9,457	8,029	7,942	87
Fiscal				
Materials and Supplies	782	2,229	2,229	0
Central				
Purchased Services	13,155	42,435	42,024	411
Materials and Supplies	0	1,625	1,625	0
Total Central	13,155	44,060	43,649	411
Total Support Services	32,682	65,303	62,009	3,294
<i>Total Expenditures</i>	61,913	201,040	164,266	36,774
Excess of Revenues Over (Under) Expenditures	(61,913)	(27,851)	1,860	29,711
Fund Balance at Beginning of Year	48,283	48,283	48,283	0
Prior Year Encumbrances Appropriated	2,635	2,635	2,635	0
Fund Balance at End of Year	(\$10,995)	\$23,067	\$52,778	\$29,711

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Budget Basis)*
Title VI-B Special Revenue Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$442,237	\$442,570	\$333
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	183,493	0	224	(224)
Fringe Benefits	0	0	62	(62)
Total Regular Instruction	183,493	0	286	(286)
Special				
Salaries	(141,985)	255,576	228,385	27,191
Fringe Benefits	7,894	97,656	86,004	11,652
Purchased Services	0	65,000	58,891	6,109
Materials and Supplies	2,786	9,662	3,055	6,607
Capital Outlay	0	3,500	3,515	(15)
Total Special Instruction	(131,305)	431,394	379,850	51,544
<i>Support Services:</i>				
Pupils				
Salaries	11,327	89,716	33,736	55,980
Fringe Benefits	6,292	38,623	7,769	30,854
Purchased Services	0	10,000	10,000	0
Materials and Supplies	0	3,000	0	3,000
Total Pupils	17,619	141,339	51,505	89,834
Instructional Staff				
Salaries	(7,483)	10,711	12,184	(1,473)
Fringe Benefits	(4,974)	10,755	9,863	892
Total Instructional Staff	(12,457)	21,466	22,047	(581)
Total Expenditures	57,350	594,199	453,688	140,511
Excess of Revenues Over (Under) Expenditures	(57,350)	(151,962)	(11,118)	140,844
Fund Balance at Beginning of Year	4,025	4,025	4,025	0
Prior Year Encumbrances Appropriated	6117	6,117	6,117	0
Fund Balance at End of Year	(\$47,208)	(\$141,820)	(\$976)	\$140,844

ATHENS CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Title I Special Revenue Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$717,673	\$607,220	(\$110,453)
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Special				
Salaries	116,212	466,962	415,572	51,390
Fringe Benefits	14,166	128,579	133,683	(5,104)
Capital Outlay	17,680	0	0	0
Total Special Instruction	<u>148,058</u>	<u>595,541</u>	<u>549,255</u>	<u>46,286</u>
<i>Support Services:</i>				
Pupils				
Materials and Supplies	5,485	6,063	1,039	5,024
Instructional Staff				
Salaries	4,044	11,646	9,608	2,038
Fringe Benefits	267	4,340	0	4,340
Purchased Services	815	17,238	10,083	7,155
Materials and Supplies	157	0	0	0
Capital Outlay	9,500	0	0	0
Total Instructional Staff	<u>14,783</u>	<u>33,224</u>	<u>19,691</u>	<u>13,533</u>
Administration				
Salaries	6,201	65,836	59,346	6,490
Fringe Benefits	1,165	25,555	20,960	4,595
Materials and Supplies	273	0	0	0
Total Administration	<u>7,639</u>	<u>91,391</u>	<u>80,306</u>	<u>11,085</u>
Total Support Services	<u>27,907</u>	<u>130,678</u>	<u>101,036</u>	<u>29,642</u>
<i>Total Expenditures</i>	<u>175,965</u>	<u>726,219</u>	<u>650,291</u>	<u>75,928</u>
Excess of Revenues Over (Under) Expenditures	(175,965)	(8,546)	(43,071)	(34,525)
Fund Balance at Beginning of Year	(360)	(360)	(360)	0
Prior Year Encumbrances Appropriated	<u>7,470</u>	<u>7,470</u>	<u>7,470</u>	<u>0</u>
Fund Balance at End of Year	<u>(\$168,855)</u>	<u>(\$1,436)</u>	<u>(\$35,961)</u>	<u>(\$34,525)</u>

ATHENS CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Other Federal Support Special Revenue Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$810,593	\$743,309	(\$67,284)
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	42,640	199,162	170,354	28,808
Fringe Benefits	26,225	63,580	60,530	3,050
Purchased Services	(257)	217,087	18,215	198,872
Materials and Supplies	1,352	0	0	0
Capital Outlay	424	424	0	424
Total Regular Instruction	70,384	480,253	249,099	231,154
Special				
Materials and Supplies	0	807	0	807
Capital Outlay	3,266	3,239	2,473	766
Total Special	3,266	4,046	2,473	1,573
Total Instruction	73,650	484,299	251,572	232,727
<i>Support Services:</i>				
Pupils				
Salaries	0	17,279	16,344	935
Fringe Benefits	0	425	298	127
Purchased Services	0	42,000	404,560	(362,560)
Materials and Supplies	0	4,000	1,660	2,340
Total Pupils	0	63,704	422,862	(359,158)
Instructional Staff				
Salaries	17,105	37,117	33,510	3,607
Fringe Benefits	5,514	17,348	11,453	5,895
Purchased Services	7,607	17,723	13,458	4,265
Materials and Supplies	11,334	8,257	5,967	2,290
Capital Outlay	11,365	5,000	4,901	99
Total Instructional Staff	52,925	85,445	69,289	16,156
Administration				
Salaries	0	518	518	0
Purchased Services	1,357	89,800	246	89,554
Materials and Supplies	2,404	4,100	518	3,582
Other	6,640	0	0	0
Capital Outlay	0	3,000	2,858	142
Total Administration	10,401	97,418	4,140	93,278
Operation and Maintenance of Plant				
Purchased Services	0	3,000	0	3,000
Pupil Transportation				
Purchased Services	33,875	52,997	10,754	42,243

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Other Federal Support Special Revenue Fund
For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Central				
Salaries	0	0	12,000	(12,000)
Other	0	29,647	0	29,647
Total Central	<u>0</u>	<u>29,647</u>	<u>12,000</u>	<u>17,647</u>
Total Support Services	<u>97,201</u>	<u>332,211</u>	<u>519,045</u>	<u>(186,834)</u>
<i>Total Expenditures</i>	<u>170,851</u>	<u>816,510</u>	<u>770,617</u>	<u>45,893</u>
Excess of Revenues Over (Under) Expenditures	(170,851)	(5,917)	(27,308)	(21,391)
Fund Balance at Beginning of Year	(36,712)	(36,712)	(36,712)	0
Prior Year Encumbrances Appropriated	<u>59,131</u>	<u>59,131</u>	<u>59,131</u>	<u>0</u>
Fund Balance at End of Year	<u>(\$148,432)</u>	<u>\$16,502</u>	<u>(\$4,889)</u>	<u>(\$21,391)</u>

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Budget Basis)*
Building Capital Projects Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	0	\$1,160	\$1,160	\$0
Expenditures:				
<i>Capital Outlay:</i>				
Building Improvement Services				
Capital Outlay	(250)	0	0	0
<i>Total Expenditures</i>	(250)	0	0	0
Excess of Revenues Over (Under) Expenditures	250	1,160	1,160	0
Fund Balance at Beginning of Year	48,798	48,798	48,798	0
Prior Year Encumbrances Appropriated	(250)	(250)	(250)	0
Fund Balance at End of Year	<u>\$48,798</u>	<u>\$49,708</u>	<u>\$49,708</u>	<u>\$0</u>

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Budget Basis)*
School Net Plus Capital Projects Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$0	\$23,100	\$23,100	\$0
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Capital Outlay	<u>0</u>	<u>23,100</u>	<u>23,100</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenses, and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Employee Benefits Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for Services	\$3,314,445	\$3,855,305	\$3,855,305	\$0
<i>Total Revenues</i>	<u>3,314,445</u>	<u>3,855,305</u>	<u>3,855,305</u>	<u>0</u>
<u>Expenses:</u>				
Operating Expenses				
Fringe Benefits	10,891	10,275	10,275	0
Purchased Services	2,200	2,200	2,200	0
Claims	4,089,463	4,093,830	4,093,830	0
Other	2,716	5,832	5,832	0
<i>Total Expenses</i>	<u>4,105,270</u>	<u>4,112,137</u>	<u>4,112,137</u>	<u>0</u>
Operating Income (Loss)	(790,825)	(256,832)	(256,832)	0
<u>Non-Operating Revenues:</u>				
Interest	12,000	36,133	36,133	0
<i>Total Non-Operating Revenues</i>	<u>12,000</u>	<u>36,133</u>	<u>36,133</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(778,825)	(220,699)	(220,699)	0
Fund Equity at Beginning of Year	3,869,034	3,869,034	3,869,034	0
Prior Year Encumbrances Appropriated	10,276	10,276	10,276	0
Fund Equity at End of Year	<u><u>\$3,100,485</u></u>	<u><u>\$3,658,611</u></u>	<u><u>\$3,658,611</u></u>	<u><u>\$0</u></u>

ATHENS CITY SCHOOL DISTRICT
*Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Budget Basis)*
Unclaimed Monies Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$10,197	\$10,197	\$0
<i>Total Revenues</i>	<u>0</u>	<u>10,197</u>	<u>10,197</u>	<u>0</u>
Expenditures				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	0	10,197	10,197	0
Fund Balance at Beginning of Year	<u>21,121</u>	<u>21,121</u>	<u>21,121</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$21,121</u></u>	<u><u>\$31,318</u></u>	<u><u>\$31,318</u></u>	<u><u>\$0</u></u>

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ATHENS CITY SCHOOL DISTRICT



STATISTICAL SECTION

Table 1

ATHENS CITY SCHOOL DISTRICT
Summary of Revenue by Source - General Fund
Last Ten Fiscal Years

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Taxes	\$ 11,882,550	\$ 10,448,690	\$ 9,842,645	\$ 9,794,076	\$ 9,641,433	\$ 9,388,093	\$ 8,776,586	\$ 8,821,942	\$ 8,529,419	\$ 8,096,007
Intergovernmental	8,666,469	9,521,300	8,430,339	9,028,227	8,852,284	7,850,711	8,993,459	8,538,953	8,230,653	8,055,048
Interest	159,689	125,960	208,651	205,062	376,250	304,611	185,642	176,694	97,832	86,711
Tuition and Fees	2,042,278	1,957,726	1,751,088	1,623,018	1,032,291	867,114	268,416	16,053	92,309	72,986
Rent	8,914	12,888	11,590	11,105	3,588	7,585	17,285	13,077	11,190	12,404
Extracurricular Activities	-	-	-	-	-	-	-	-	-	-
Gifts and Donations	-	-	-	-	-	-	-	-	13,374	-
Payments in Lieu of Taxes	153,841	19,629	-	-	-	-	-	-	-	-
Miscellaneous	102,894	55,466	58,949	56,081	89,370	112,161	80,934	157,037	86,208	72,306
Total Revenue	\$ 23,016,635	\$ 22,141,659	\$ 20,303,262	\$ 20,717,569	\$ 19,995,216	\$ 18,530,275	\$ 18,322,322	\$ 17,723,756	\$ 17,060,985	\$ 16,395,462

Source: Athens City School District Fund Financial Statements

Table 2

ATHENS CITY SCHOOL DISTRICT
Summary of Expenditures by Function - General Fund
Last Ten Fiscal Years

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Instruction										
Regular	\$ 10,936,979	\$ 9,746,611	\$ 9,680,362	\$ 9,350,867	\$ 8,688,076	\$ 7,799,876	\$ 8,655,140	\$ 8,175,580	\$ 7,706,126	\$ 7,387,102
Special	2,558,156	2,303,945	2,206,647	2,241,067	2,262,488	2,057,624	1,916,816	1,688,144	1,713,080	1,569,875
Vocational	381,780	367,322	381,196	343,891	358,621	313,166	325,737	314,354	343,767	383,590
Other Instruction	7,068	-	-	-	1,702	13,103	20,171	49,489	32,524	40,417
Total Instruction	13,883,983	12,417,878	12,268,205	11,935,825	11,310,887	10,183,769	10,917,864	10,227,567	9,795,497	9,380,984
Support Services										
Pupils	1,040,205	891,076	953,440	909,914	906,736	770,765	904,312	781,655	720,269	647,993
Instructional Staff	1,066,216	881,345	702,560	629,842	562,925	459,858	447,097	381,835	371,624	289,812
Board of Education	101,844	120,422	100,901	116,622	97,760	51,116	67,149	93,328	42,488	50,676
Administration	1,702,119	1,463,470	1,368,501	1,374,867	1,401,083	1,222,476	1,402,705	1,259,443	1,145,481	1,097,475
Fiscal	689,217	634,901	591,833	613,316	573,290	529,596	535,755	485,491	464,497	454,062
Business	163,604	148,554	142,610	138,004	110,840	105,617	876	-	-	-
Operation & Maintenance of Plant	3,078,734	2,898,821	2,624,005	2,625,865	2,402,066	2,272,982	2,117,342	2,077,186	2,067,734	1,974,654
Pupil Transportation	1,547,890	1,387,476	1,382,321	1,291,548	1,207,507	1,281,289	1,292,922	1,117,317	1,104,413	1,105,605
Central	114,265	55,191	114,551	123,583	109,865	69,999	6,386	11,500	-	-
Total Support Services	9,504,094	8,481,256	7,980,722	7,823,561	7,372,072	6,763,698	6,774,544	6,207,755	5,916,506	5,620,277
Operations of Non-instructional Services	2,995	24	35,999	153	-	-	-	-	-	-
Extracurricular Activities	349,664	318,855	306,386	284,511	258,538	253,906	283,279	234,241	210,398	210,387
Capital Outlay	-	13,645	24,483	50,373	17,966	2,323	5,483	6,662	4,819	9,570
Debt Services	-	220,321	215,593	220,369	219,774	218,685	217,099	192,051	347,605	317,665
Total Expenditures and Other Uses	\$ 23,740,736	\$ 21,451,979	\$ 20,831,388	\$ 20,314,792	\$ 19,179,237	\$ 17,422,381	\$ 18,198,269	\$ 16,868,276	\$ 16,274,825	\$ 15,538,883

Source: Athens City School District Fund Financial Statements

Table 3

ATHENS CITY SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Collection Years (1)	Current Tax Levied (2)	Current Taxes Collected (2)	Percent of Current Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections to Taxes Levied	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Current Levied
1995	\$ 9,633,381	\$ 9,369,889	97.26%	\$ 209,390	\$ 9,579,279	99.44%	\$ 315,071	3.27%
1996	9,857,164	9,480,431	96.18%	221,957	9,702,388	98.43%	318,456	3.23%
1997	9,436,858	9,039,341	95.79%	309,221	9,348,563	99.06%	496,541	5.26%
1998	10,706,049	10,296,314	96.17%	551,518	10,847,831	101.32%	672,549	6.28%
1999	11,028,914	10,641,196	96.48%	421,432	11,062,629	100.31%	565,254	5.13%
2000	12,690,846	12,315,346	97.04%	420,680	12,736,027	100.36%	571,684	4.50%
2001	13,089,931	12,297,066	93.94%	166,803	12,463,869	95.22%	609,497	4.66%
2002	13,654,139	11,713,239	85.79%	415,260	12,128,500	88.83%	718,292	5.26%
2003	15,102,050	14,583,677	96.57%	522,417	15,106,094	100.03%	822,474	5.45%
2004	15,381,743	13,285,612	86.37%	205,609	13,491,220	87.71%	747,497	4.86%

Source: Office of the County Auditor, Athens County, Ohio

- (1) Represents calendar year data. 2005 information cannot be presented because all collections have not been made by June 30.
- (2) Included Homestead/Rollback on real estate and reimbursement on personal property taxes assessed locally, but distributed through the State of Ohio and reported as Intergovernmental Revenue.

Table 4

ATHENS CITY SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property			Personal Property			Public Utility Personal			Total	
	%	Assessed Value	Estimated Actual Value	%	Assessed Value	Estimated Actual Value	%	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1996	35%	\$206,713,970	\$ 590,611,343	25%	\$ 19,251,537	\$ 77,006,148	88%	\$ 29,626,160	\$ 33,666,091	\$ 255,591,667	\$ 701,283,582
1997	35%	243,463,640	695,610,400	25%	19,558,176	78,232,704	88%	29,454,860	33,471,432	292,476,676	807,314,536
1998	35%	246,407,920	704,022,629	25%	20,849,558	83,398,232	88%	27,953,770	31,765,648	295,211,248	819,186,508
1999	35%	251,378,830	718,225,229	25%	21,348,845	85,395,380	88%	29,537,640	33,565,500	302,265,315	837,186,109
2000	35%	285,737,630	816,393,229	25%	22,056,469	88,225,876	88%	26,617,680	30,247,364	334,411,779	934,866,468
2001	35%	291,086,680	831,676,229	25%	23,500,232	94,000,928	88%	26,776,310	30,427,625	341,363,222	956,104,782
2002	35%	295,558,800	844,453,714	25%	23,319,149	93,276,596	88%	22,422,540	25,480,159	341,300,489	963,210,469
2003	35%	357,211,960	1,020,605,600	25%	23,566,052	94,264,208	88%	22,930,390	26,057,261	403,708,402	1,140,927,069
2004	35%	362,411,010	1,035,460,029	25%	23,265,910	93,063,640	88%	23,330,900	26,512,386	409,007,820	1,155,036,055
2005	35%	363,352,650	1,038,150,429	25%	24,836,581	99,346,324	88%	24,141,860	27,433,932	412,331,091	1,164,930,684

Source: Office of the County Auditor, Athens County, Ohio

Table 5-A

ATHENS CITY SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Last Ten Years
(Per \$1,000 of Assessed Valuation)

Athens Township (A01)

<u>Calendar Year</u>	<u>Athens City School District</u>	<u>Athens County</u>	<u>Tri-County Joint Career Center</u>	<u>Athens Township</u>	<u>Total Full Rate</u>	<u>Total Residential/ Agriculture Effective Rate</u>	<u>Total Commercial/ Industrial Effective Rate</u>
1996	59.40	19.05	3.30	8.20	89.95	60.011470	64.033992
1997	60.40	19.05	3.30	8.20	90.95	54.604301	58.432589
1998	60.40	18.55	3.30	8.02	90.27	55.207356	59.032734
1999	59.70	18.55	3.30	8.20	89.75	55.544992	59.433921
2000	64.60	18.55	3.30	8.20	94.65	55.755979	61.208002
2001	64.60	18.55	3.30	8.20	94.65	56.710329	62.119860
2002	64.60	18.55	3.30	8.20	94.65	58.173659	63.584096
2003	64.60	18.80	3.30	8.20	94.90	53.861848	61.423461
2004	64.60	18.80	3.30	8.20	94.90	53.903483	61.317746
2005	69.78	18.80	3.30	6.70	98.58	59.412205	66.927683

Note: The Athens City School District consists of eight taxing districts:

- A01 Athens Township
- A02 Athens Township - City of Athens
- A04 Athens Township - The Plains Fire District
- E02 Canaan Township
- E03 Canaan Township - City of Athens
- G01 Dover Township
- G02 Dover Township - Village of Chauncey
- N02 Waterloo Township

Source: Office of the County Auditor, Athens County, Ohio

Table 5-B

ATHENS CITY SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Last Ten Years
(Per \$1,000 of Assessed Valuation)

Athens Township - City of Athens (A02)

<u>Calendar Year</u>	<u>Athens City School District</u>	<u>Athens County</u>	<u>Tri-County Joint Career Center</u>	<u>City of Athens</u>	<u>Athens Township</u>	<u>Total Full Rate</u>	<u>Total Residential/ Agriculture Effective Rate</u>	<u>Total Commercial/ Industrial Effective Rate</u>
1996	59.40	19.05	3.30	2.60	0.30	84.65	56.774003	60.765034
1997	60.40	19.05	3.30	2.60	0.30	85.65	51.796455	55.605945
1998	60.40	18.55	3.30	2.60	0.30	85.15	52.400055	56.200331
1999	59.70	18.55	3.30	2.60	0.30	84.45	52.741033	56.602678
2000	64.60	18.55	3.30	2.60	0.30	89.35	53.255867	58.542443
2001	64.60	18.55	3.30	2.60	0.30	89.35	54.213092	59.454460
2002	64.60	18.55	3.30	2.60	0.30	89.35	55.679583	60.921219
2003	64.60	18.80	3.30	2.60	0.30	89.60	50.691695	57.778373
2004	64.60	18.80	3.30	2.60	0.30	89.60	50.728681	57.692136
2005	69.78	18.80	3.30	2.60	0.30	94.78	55.820893	63.224987

Note: The Athens City School District consists of eight taxing districts:

- A01 Athens Township
- A02 Athens Township - City of Athens
- A04 Athens Township - The Plains Fire District
- E02 Canaan Township
- E03 Canaan Township - City of Athens
- G01 Dover Township
- G02 Dover Township - Village of Chauncey
- N02 Waterloo Township

Source: Office of the County Auditor, Athens County, Ohio

Table 5-C

ATHENS CITY SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Last Ten Years
(Per \$1,000 of Assessed Valuation)

Athens Township - The Plains Fire District (A04)

<u>Calendar Year</u>	<u>Athens City School District</u>	<u>Athens County</u>	<u>Tri-County Joint Career Center</u>	<u>The Plains Fire District</u>	<u>Athens Township</u>	<u>Total Full Rate</u>	<u>Total Residential/ Agriculture Effective Rate</u>	<u>Total Commercial/ Industrial Effective Rate</u>
1996	59.40	19.05	3.30	4.50	8.20	94.45	63.472670	68.113637
1997	60.40	19.05	3.30	4.50	8.20	95.45	57.979399	62.495305
1998	60.40	18.55	3.30	4.50	8.02	94.77	59.981313	64.260193
1999	59.70	18.55	3.30	4.50	8.20	94.25	60.309732	64.653918
2000	64.60	18.55	3.30	4.00	8.20	98.65	59.956295	65.887433
2001	64.60	18.55	3.30	4.00	8.20	98.65	60.888887	66.798762
2002	64.60	18.55	3.30	4.00	8.20	98.65	62.347988	68.247927
2003	64.60	18.80	3.30	4.00	8.20	98.90	56.877365	64.994188
2004	64.60	18.80	3.30	4.00	8.20	98.90	56.924643	64.885480
2005	69.78	18.80	3.30	3.50	6.70	102.08	62.036397	70.044686

Note: The Athens City School District consists of eight taxing districts:

- A01 Athens Township
- A02 Athens Township - City of Athens
- A04 Athens Township - The Plains Fire District
- E02 Canaan Township
- E03 Canaan Township - City of Athens
- G01 Dover Township
- G02 Dover Township - Village of Chauncey
- N02 Waterloo Township

Source: Office of the County Auditor, Athens County, Ohio

Table 5-D

ATHENS CITY SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Last Ten Years
(Per \$1,000 of Assessed Valuation)

Canaan Township (E02)

<u>Calendar Year</u>	<u>Athens City School District</u>	<u>Athens County</u>	<u>Tri-County Joint Career Center</u>	<u>Canaan Township</u>	<u>Total Full Rate</u>	<u>Total Residential/ Agriculture Effective Rate</u>	<u>Total Commercial/ Industrial Effective Rate</u>
1996	59.40	19.05	3.30	4.60	86.35	57.756387	61.900845
1997	60.40	19.05	3.30	6.60	89.35	54.407651	58.574268
1998	60.40	18.55	3.30	6.60	88.85	55.476303	59.530792
1999	59.70	18.55	3.30	6.60	88.15	55.815175	59.933068
2000	64.60	18.55	3.30	6.60	93.05	56.115695	61.676778
2001	64.60	18.55	3.30	6.60	93.05	57.067981	62.693727
2002	64.60	18.55	3.30	6.60	93.05	59.305377	64.594136
2003	64.60	18.80	3.30	6.60	93.30	53.877320	61.329580
2004	64.60	18.80	3.30	6.60	93.30	53.923556	61.169246
2005	69.78	18.80	3.30	7.60	99.48	60.012848	67.924987

Note: The Athens City School District consists of eight taxing districts:

- A01 Athens Township
- A02 Athens Township - City of Athens
- A04 Athens Township - The Plains Fire District
- E02 Canaan Township
- E03 Canaan Township - City of Athens
- G01 Dover Township
- G02 Dover Township - Village of Chauncey
- N02 Waterloo Township

Source: Office of the County Auditor, Athens County, Ohio

Table 5-E

ATHENS CITY SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Last Ten Years
(Per \$1,000 of Assessed Valuation)

Canaan Township - City of Athens (E03)

<u>Calendar Year</u>	<u>Athens City School District</u>	<u>Athens County</u>	<u>Tri-County Joint Career Center</u>	<u>City of Athens</u>	<u>Canaan Township</u>	<u>Total Full Rate</u>	<u>Total Residential/ Agriculture Effective Rate</u>	<u>Total Commercial/ Industrial Effective Rate</u>
1996	59.40	19.05	3.30	2.40	2.70	86.85	58.256387	62.400845
1997	60.40	19.05	3.30	2.40	4.70	89.85	54.907651	59.074268
1998	60.40	18.55	3.30	2.40	4.70	89.35	55.976303	60.030792
1999	59.70	18.55	3.30	2.40	4.70	88.65	56.315175	60.433068
2000	64.60	18.55	3.30	2.40	4.70	93.55	56.615695	62.176778
2001	64.60	18.55	3.30	2.40	4.70	93.55	57.567981	63.193727
2002	64.60	18.55	3.30	2.40	4.70	93.55	59.805715	65.094136
2003	64.60	18.80	3.30	2.40	4.70	93.80	54.377320	61.829580
2004	64.60	18.80	3.30	2.40	4.70	93.80	54.423556	61.669246
2005	69.78	18.80	3.30	2.40	5.70	99.98	60.512848	68.429870

Note: The Athens City School District consists of eight taxing districts:

- A01 Athens Township
- A02 Athens Township - City of Athens
- A04 Athens Township - The Plains Fire District
- E02 Canaan Township
- E03 Canaan Township - City of Athens
- G01 Dover Township
- G02 Dover Township - Village of Chauncey
- N02 Waterloo Township

Source: Office of the County Auditor, Athens County, Ohio

Table 5-F

ATHENS CITY SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Last Ten Years
(Per \$1,000 of Assessed Valuation)

Dover Township (G01)

<u>Calendar Year</u>	<u>Athens City School District</u>	<u>Athens County</u>	<u>Tri-County Joint Career Center</u>	<u>Dover Township</u>	<u>Total Full Rate</u>	<u>Total Residential/ Agriculture Effective Rate</u>	<u>Total Commercial/ Industrial Effective Rate</u>
1996	59.40	19.05	3.30	10.70	92.45	62.475198	66.338002
1997	60.40	19.05	3.30	8.70	91.45	54.979144	58.990779
1998	60.40	18.55	3.30	8.70	90.95	56.321954	60.334607
1999	59.70	18.55	3.30	8.70	90.25	57.762736	61.652130
2000	64.60	18.55	3.30	8.70	95.15	57.722326	63.406713
2001	64.60	18.55	3.30	8.70	95.15	59.728240	65.070822
2002	64.60	18.55	3.30	8.70	95.15	61.175868	66.538118
2003	64.60	18.80	3.30	11.20	97.90	57.607682	65.217816
2004	64.60	18.80	3.30	11.20	97.90	57.929292	65.347525
2005	69.78	18.80	3.30	11.20	103.08	63.024514	73.114369

Note: The Athens City School District consists of eight taxing districts:

- A01 Athens Township
- A02 Athens Township - City of Athens
- A04 Athens Township - The Plains Fire District
- E02 Canaan Township
- E03 Canaan Township - City of Athens
- G01 Dover Township
- G02 Dover Township - Village of Chauncey
- N02 Waterloo Township

Source: Office of the County Auditor, Athens County, Ohio

Table 5-G

ATHENS CITY SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Last Ten Years
(Per \$1,000 of Assessed Valuation)

Dover Township - Village of Chauncey (G02)

<u>Calendar Year</u>	<u>Athens City School District</u>	<u>Athens County</u>	<u>Tri-County Joint Career Center</u>	<u>Village of Chauncey</u>	<u>Dover Township</u>	<u>Total Full Rate</u>	<u>Total Residential/Agriculture Effective Rate</u>	<u>Total Commercial/Industrial Effective Rate</u>
1996	59.40	19.05	3.30	7.90	5.30	94.95	65.557233	69.536735
1997	60.40	19.05	3.30	7.90	3.30	93.95	57.602755	61.706041
1998	60.40	18.55	3.30	7.90	3.30	93.45	58.212419	62.303016
1999	59.70	18.55	3.30	7.90	3.30	92.75	59.657580	63.815493
2000	64.60	18.55	3.30	7.90	3.30	97.65	59.919503	65.574419
2001	64.60	18.55	3.30	7.90	3.30	97.65	62.354574	67.656663
2002	64.60	18.55	3.30	7.90	3.30	97.65	63.813636	69.132517
2003	64.60	18.80	3.30	7.90	5.80	100.40	59.382383	67.451832
2004	64.60	18.80	3.30	7.90	5.80	100.40	59.817088	67.581528
2005	69.78	18.80	3.30	7.90	5.80	105.58	64.916072	73.114369

Note: The Athens City School District consists of eight taxing districts:

- A01 Athens Township
- A02 Athens Township - City of Athens
- A04 Athens Township - The Plains Fire District
- E02 Canaan Township
- E03 Canaan Township - City of Athens
- G01 Dover Township
- G02 Dover Township - Village of Chauncey
- N02 Waterloo Township

Source: Office of the County Auditor, Athens County, Ohio

Table 5-H

ATHENS CITY SCHOOL DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Last Ten Years
(Per \$1,000 of Assessed Valuation)

Waterloo Township (N02)

<u>Calendar Year</u>	<u>Athens City School District</u>	<u>Athens County</u>	<u>Tri-County Joint Career Center</u>	<u>Waterloo Township</u>	<u>Total Full Rate</u>	<u>Total Residential/ Agriculture Effective Rate</u>	<u>Total Commercial/ Industrial Effective Rate</u>
1996	59.40	19.05	3.30	10.80	92.55	62.873018	66.763189
1997	60.40	19.05	3.30	10.80	93.55	56.878921	60.085145
1998	60.40	18.55	3.30	10.80	93.05	58.180004	61.551999
1999	59.70	18.55	3.30	9.90	91.45	58.871122	62.404502
2000	64.60	18.55	3.30	9.90	96.35	58.978506	64.117153
2001	64.60	18.55	3.30	9.90	96.35	60.165682	65.327257
2002	64.60	18.55	3.30	9.90	96.35	61.579783	66.794016
2003	64.60	18.80	3.30	9.90	96.60	55.708064	63.386606
2004	64.60	18.80	3.30	9.90	96.60	55.744979	63.300369
2005	69.78	18.80	3.30	9.90	101.78	60.842498	68.854259

Note: The Athens City School District consists of eight taxing districts:

- A01 Athens Township
- A02 Athens Township - City of Athens
- A04 Athens Township - The Plains Fire District
- E02 Canaan Township
- E03 Canaan Township - City of Athens
- G01 Dover Township
- G02 Dover Township - Village of Chauncey
- N02 Waterloo Township

Source: Office of the County Auditor, Athens County, Ohio

Table 6

ATHENS CITY SCHOOL DISTRICT
Principal Property Taxpayers
2005 Collection Year

<u>PUBLIC UTILITY</u>			
<u>Property Owner</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Columbus Southern Power	Electricity	\$ 12,670,170	52.47%
Verizon North, Inc.	Communications	4,001,770	16.57%
Tennessee Gas Pipeline Co.	Natural Gas	1,654,860	6.85%
Texas Eastern Transmission	Natural Gas	1,493,650	6.19%
Columbia Gas of Ohio, Inc.	Natural Gas	892,300	3.70%
Ohio Telephone & Telegraph	Communications	775,080	3.21%
Horizon Personal	Communications	629,200	2.61%
Norfolk Southern	Transportation	615,770	2.55%
Alltel Communications of Ohio	Communications	457,210	1.89%
Columbia Gas Transmission	Natural Gas	437,330	1.81%
Total Top Ten		23,627,340	
All Others		519,520	2.15%
Total Public Utility		\$ 24,146,860	100.00%

<u>REAL ESTATE</u>			
<u>Property Owner</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Ohio University	Retail Sales	\$ 6,447,849	1.77%
AAC Athens LLC	Apartments	3,948,830	1.09%
Random Porperties Acquisition	Retail Sales	2,977,850	0.82%
Continental 72 Fund LLC	Retail Sales	2,465,440	0.68%
Inn-Ohio of Athens, Inc.	Motel	1,903,740	0.52%
McCoady Properties LTD	Various Properties	1,850,044	0.51%
Presidents and Trustees of Ohio Univ.	Apartments	1,611,589	0.44%
City of Athens	Various Properties	1,598,419	0.44%
Southeast Development Co. 2	Apartments	1,422,900	0.39%
Hickory Creek of Athens, Inc.	Nursing Home	1,378,520	0.38%
Total Top Ten		25,605,181	
All Others		337,747,469	92.95%
Total Real Estate		\$ 363,352,650	100.00%

<u>TAXABLE PERSONAL PROPERTY</u>			
<u>Property Owner</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
TS Trim Industries	Automotive Car Seat Mfg.	\$ 2,290,950	9.22%
Wal Mart Stores East LP	Retail Sales	1,444,250	5.82%
Don Wood Buick, Inc.	Auto Sales and Service Center	960,230	3.87%
Don Wood Ford, Lincoln Mercury, Inc.	Auto Sales and Service Center	803,020	3.23%
K Mart Corp.	Retail Sales	631,910	2.54%
Taylor Motors, Inc.	Auto Sales and Service Center	544,950	2.19%
Kroger Co.	Grocery Store	526,380	2.12%
Athens Mold & Machine, Inc.	Machine Shop	457,590	1.84%
Taylor Honda/MMT Motors, Inc.	Auto Sales and Service Center	417,330	1.68%
Diagnostic Hybrids Inc.	Bio-Tech	391,760	1.58%
Total Top Ten		8,468,370	
All Others		16,368,211	65.90%
Total Tangible Personal Property		\$ 24,836,581	100.00%
Total Assessed Valuation		412,336,091	

Table 7

ATHENS CITY SCHOOL DISTRICT
Legal Debt Margin
June 30, 2005

Total Assessed Valuation		\$ 412,331,091
Overall Debt Limitation - 9.0% of Assessed Valuation (1)		37,109,798
Gross Indebtedness Authorized by the School Board	16,620,000	
Less Debt Outside Limitation:	-	
Debt within 9.0% Limitation	16,620,000	
Less Amount Available in Debt Service Fund	3,268,767	
Net Debt within 9.0% Limitation		13,351,233
Legal Debt Margin within 9.0% Limitation		\$ 23,758,565
<hr/>		
Energy Conservation Debt Limit - .90% of Assessed Value (1)		\$ 3,710,980
Net Debt within .90% Limitation		-
Energy Conservation Debt Margin		\$ 3,710,980
<hr/>		
Unvoted Debt Limitation - .10% of Assessed Valuation		\$ 412,331
Net Debt within .10% Limitation		-
Legal Debt Margin within .10% Limitation		\$ 412,331

(1) Section 136.06, Ohio Revised Code, imposes direct debt limitations on unvoted and combined unvoted and voted net indebtedness of 9.0% of the school districts assessed valuation. The unvoted limitation is .10%, with exceptions for financing for energy conservation projects which is .90%.

Table 8

ATHENS CITY SCHOOL DISTRICT
*Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Debt Per Capita
 Last Ten Fiscal Years*

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Value Real & Personal Property (1)</u>	<u>General Bonded Debt</u>	<u>Less Debt Service</u>	<u>Net Bonded Debt</u>	<u>Ratio Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1996	32,330	\$ 255,591,667	\$ 4,849,973	\$ 51,401	\$ 4,798,572	1.88%	148
1997	32,450	292,476,676	4,344,973	161,609	4,183,364	1.43%	129
1998	32,600	295,211,248	3,824,973	487,536	3,337,437	1.13%	102
1999	32,721	302,265,315	3,289,973	721,757	2,568,216	0.85%	78
2000	32,721	334,411,779	19,319,973	1,707,620	17,612,353	5.27%	538
2001	32,596	341,363,222	18,684,973	1,654,485	17,030,488	4.99%	522
2002	32,596	341,300,489	18,424,513	2,152,841	16,271,672	4.77%	499
2003	32,596	403,708,402	18,176,566	2,638,685	15,537,881	3.85%	477
2004	32,596	409,007,820	17,747,449	3,561,263	14,186,186	3.47%	435
2005	32,700	412,331,091	16,620,000	3,268,767	13,351,233	3.24%	408

(1) Office of the County Auditor, Athens County, Ohio

Table 9

ATHENS CITY SCHOOL DISTRICT
*Ratio of Annual General Obligation Bonded Debt Service Expenditures
 To Total General Fund Expenditures
 Last Ten Fiscal Years*

Fiscal Year	Principal (1)	Interest (1)	Total Debt Service (1)	Total General Fund Expenditures	Percent of Debt Service to General Fund Expenditures
1996	\$ 490,000	\$ 271,330	\$ 761,330	\$ 15,538,883	4.90%
1997	505,000	241,358	746,358	16,274,825	4.59%
1998	520,000	247,588	767,588	16,868,276	4.55%
1999	535,000	173,801	708,801	18,198,269	3.89%
2000	370,000	153,582	523,582	17,422,381	3.01%
2001	635,000	1,099,065	1,734,065	19,179,237	9.04%
2002	260,460	1,370,137	1,630,598	20,314,792	8.03%
2003	247,947	1,366,651	1,614,598	20,831,388	7.75%
2004	409,118	1,363,380	1,772,498	21,451,979	8.26%
2005	1,272,552	1,019,733	2,292,285	23,740,736	9.66%

Source: Athens City School District Fund Financial Statements
 (1) General Obligation Bonded Debt

Table 10

ATHENS CITY SCHOOL DISTRICT
Computation of Direct and Overlapping Debt
 June 30, 2005

	General Obligation Debt (1)	Percent Overlapping	Applicable To Athens City School District
<u>Direct Debt:</u>			
Athens City School District	\$ 16,620,000	100.00%	\$ 16,620,000
<u>Overlapping Debt:</u>			
Athens County	2,880,912	54.84%	1,579,892
City of Athens	8,885,000	98.45%	<u>8,747,283</u>
Total Overlapping Debt			<u>10,327,175</u>
Total Direct and Overlapping Debt			<u><u>\$ 26,947,175</u></u>

Source: Ohio Municipal Advisory Council

(1) General Obligation Bonded Debt

Table 11

ATHENS CITY SCHOOL DISTRICT
*New Construction, Tax Exempt Value, and Assessed Property Value
 Last Ten Years*

Collection Year	Total Value New Construction	Tax Exempt Value	Assessed Property Values (1)			
			Real Property	Tangible Personal	Public Utility Personal	Total
1995	\$ 4,508,220	\$ 149,216,130	\$ 202,769,240	\$ 17,974,750	\$ 32,839,900	\$ 253,583,890
1996	6,711,340	152,311,580	206,713,970	19,251,537	29,626,160	255,591,667
1997	4,653,200	175,212,750	243,463,640	19,558,176	29,454,860	292,476,676
1998	2,327,440	175,032,770	246,407,920	20,849,558	27,953,770	295,211,248
1999	4,863,550	179,911,980	251,378,830	21,348,845	29,537,640	302,265,315
2000	3,338,130	195,411,980	285,737,630	22,056,469	26,617,680	334,411,779
2001	6,031,520	198,545,120	291,086,680	23,500,232	26,776,310	341,363,222
2002	5,471,520	204,652,910	295,558,800	23,319,149	22,422,540	341,300,489
2003	5,715,850	209,958,420	357,211,960	23,566,052	22,930,390	403,708,402
2004	6,356,460	209,958,420	362,411,010	23,265,910	23,330,900	409,007,820
2005	2,710,371	212,670,870	363,352,650	24,836,581	24,141,860	412,331,091

(1) Office of the County Auditor, Athens County, Ohio

Note: Mineral Value and Public Utility Real Estate Value are included in Real Property Value

Bank deposit data is not included. No major banks report their headquarters as the City of Athens, Athens County, Ohio.

Table 12

ATHENS CITY SCHOOL DISTRICT
Cost to Educate a 2005 Graduate

School Year Ended	Grade	Annual Expenditure Per Pupil	
		District Average	State Average
1993	Kindergarten	\$ 4,538	\$ 4,815
1994	1st Grade	4,386	5,010
1995	2nd Grade	5,181	5,151
1996	3rd Grade	5,230	5,328
1997	4th Grade	5,889	5,557
1998	5th Grade	6,116	5,673
1999 #	6th Grade	6,681	6,642
2000 #	7th Grade	6,972	7,057
2001 #	8th Grade	7,832	7,591
2002 #	9th Grade	8,608	8,073
2003 #	10th Grade	8,713	8,441
2004 #	11th Grade	8,999	8,768
2005 #	12th Grade	9,617	9,048
		<u>\$ 88,762</u>	<u>\$ 87,154</u>

Source: Ohio Department of Education - Financial Data Per Pupil Report - All Funds
 # - Ohio Department of Education "District School Report Card"

Table 13

ATHENS CITY SCHOOL DISTRICT
Average Daily Membership (ADM) Data
Last Ten Fiscal Years

Fiscal Year	Number Of Graduates (1)	Average Daily Membership (ADM) (2)	Percentage ADM Increase (Decrease)
1996	204	2850	0.46%
1997	225	2793	-2.00%
1998	242	2705	-3.15%
1999	234	2966	9.65%
2000	235	2823	-4.82%
2001	235	2757	-2.34%
2002	233	2544	-7.73%
2003	209	2481	-2.48%
2004	205	2482	0.04%
2005	194	2408	-2.98%

(1) Athens High School Guidance Department

(2) Ohio Department of Education Final Fiscal-Year-End SF3 Report

Table 14

ATHENS CITY SCHOOL DISTRICT
Staffing Statistics - Full Time Equivalent (FTE)
 Last Ten Fiscal Years

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000 (1)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Professional Staff:										
Teaching Staff:										
Elementary (K-6)	147.9	153.3	147.0	150.4	115.6	112.1	108.8	108.8	107.8	94.0
Secondary (7-12)	56.2	55.7	57.0	57.4	81.2	81.2	81.5	82.5	81.5	80.5
Special Education	15.7	13.6	14.6	14.0	34.0	35.5	39.0	39.0	40.0	51.9
Administrators:										
Districtwide	14.0	16.0	16.0	17.0	18.0	18.0	18.0	17.0	18.0	19.0
Auxilliary Positions:										
Guidance/Counselors	5.0	4.8	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Librarians/Audio Visual	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Psychologists	2.6	2.6	2.8	3.0	3.0	3.0	2.0	2.0	2.0	2.0
Nurses	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Support Staff:										
Secretarial	20.0	18.0	17.0	15.5	21.5	22.5	22.5	22.5	21.5	21.0
Aides	43.0	44.0	44.0	52.0	49.5	55.5	60.5	63.5	65.6	69.0
Maintenance/Mechanic	6.0	6.0	6.0	6.0	8.0	8.0	8.0	7.0	7.0	6.0
Transportation	37.0	38.0	31.0	31.0	29.0	30.0	28.0	29.5	29.5	30.0
Custodial	22.0	25.0	23.0	24.0	24.5	24.5	24.5	24.5	25.5	25.0
Lunchroom	25.0	38.0	37.0	38.0	21.5	21.5	21.5	21.5	18.7	18.5
TOTAL	396.4	417.0	401.4	414.3	412.8	418.8	421.3	424.8	424.1	423.9

Source: Actual Data from Ohio Department of Education - Staff Profile Data

(1) Athens City School District Records and represents a change in the method used to classify Special Education and Secondary Teachers.

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Betty Montgomery**

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ATHENS CITY SCHOOL DISTRICT

ATHENS 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**