

Athens City School District

Athens County, Ohio

Single Audit

July 1, 2005 Through June 30, 2006

Fiscal Year Audited Under GAGAS: 2006

**BALESTRA, HARR & SCHERER, CPAs, Inc.**

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Mary Taylor, CPA  
Auditor of State

Board of Education  
Athens City School District  
25 South Plains Road  
The Plains, Ohio 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, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 19, 2007

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**ATHENS CITY SCHOOL DISTRICT  
ATHENS COUNTY**

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Athens City School District  
Athens County

Schedule of Federal Awards Expenditures  
For the Fiscal Year Ended June 30, 2006

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through Ohio Department of Education</i>						
Food Distribution Program	NA	10.550	\$ -	\$ 32,853	\$ -	\$ 32,853
Team Nutrition Grants	TWNT	10.574	490		490	
<i>Nutrition Cluster:</i>						
National School Breakfast Program	05PU	10.553	100,404	-	100,404	-
School Lunch Program	LLP4	10.555	349,071	-	349,071	-
<i>Total Nutrition Cluster</i>			<u>449,475</u>	<u>-</u>	<u>449,475</u>	<u>-</u>
<b>Total United States Department of Agriculture</b>			<u>449,965</u>	<u>32,853</u>	<u>449,965</u>	<u>32,853</u>
<b>United States Department of Education</b>						
<i>Passed through Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education Grants to States	6BSF	84.027	579,595	-	566,903	-
Special Education Preschool Grants	PGS1	84.173	19,751	-	21,349	-
Total Special Education Cluster			<u>599,346</u>	<u>-</u>	<u>588,252</u>	<u>-</u>
Title I Grants to Local Education Agencies	C1S1	84.010	528,275	-	529,303	-
Safe and Drug Free Schools and Communities State Grants	DRS1	84.186	14,841	-	15,417	-
Twenty-First Century Community Learning Centers	T1S1	84.287	30,018	-	344,300	-
State Grants for Innovative Programs	C2S1	84.298	11,032	-	12,774	-
Education Technology State Grants	TJS1	84.318	16,421	-	17,813	-
English Language Acquisition Grant	T3S1	84.365	20,285	-	20,777	-
Improving Teacher Quality State Grant	TRS1	84.367	146,150	-	195,901	-
Hurricane Education Recovery	HR01	84.938	2,000	-	-	-
<b>Total United States Department of Education</b>			<u>1,368,368</u>	<u>-</u>	<u>1,724,537</u>	<u>-</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,818,333</u>	<u>\$ 32,853</u>	<u>\$ 2,174,502</u>	<u>\$ 32,853</u>

N/A = Pass through entity number could not be located.  
See Notes to the Schedule of Federal Awards Expenditures.

**ATHENS CITY SCHOOL DISTRICT  
ATHENS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE A- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards 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- FOOD DISTRIBUTIONS**

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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## **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, 2006, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 25, 2007, where we noted the District implemented GASB Statements No. 44, 46 and 47. 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.

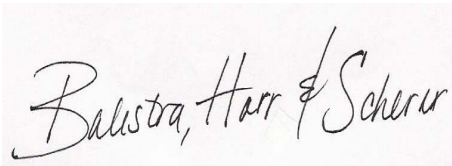
### **Compliance and Other Matters**

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 January 25, 2007.

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 black ink that reads "Balestra, Harr & Scherer". The signature is written in a cursive style and is positioned above the printed name of the firm.

Balestra, Harr & Scherer CPAs, Inc.  
January 25, 2007

# 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, 2006. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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, 2006.

### **Internal Control Over Compliance**

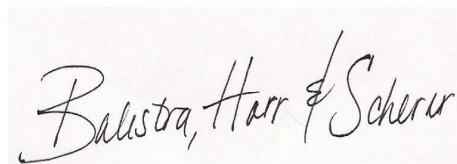
The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over 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 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, 2006, and have issued our report thereon dated January 25, 2007, in which we noted the District implemented GASB Statement No. 44, 46 and 47. 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 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.  
January 25, 2007

**ATHENS CITY SCHOOL DISTRICT  
ATHENS COUNTY  
JUNE 30, 2006**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
(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, 2006**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>	
Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ending June 30, 2006



2006

## 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, 2006

**Board of Education**

Roger Brown.....President  
Jeffrey Dill, PhD..... Vice-President  
Scott Nisley..... Member  
Catherine Cordingley ..... Member  
Bruce Nottke ..... 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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*For the Fiscal Year Ended June 30, 2006*

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# ATHENS CITY SCHOOL DISTRICT

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Carl D. Martin  
*Superintendent*

Bryan M. Bunting CGFM  
*Treasurer*



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The Plains, Ohio 45780

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January 25, 2007

## **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, 2006. 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.

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***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 25,000 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 3,182 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-6	265
East Elementary	K-6	317
Morrison Elementary	K-6	402
The Plains Elementary	PreK-6	464
West Elementary	PreK-6	304
Athens Middle School	7-8	504
Athens High School	9-12	926

The District provides preschool programs and all-day kindergarten classes. The District serves lunches to 41.1% of the student population daily. Approximately 34 % 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 50.2% of their combined student population. These three school facilities plus the Middle School also offer breakfast programs. However, only 30.3% 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, 2006 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, 2011.

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 3,700 total employees with more than 1,000 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 \$506 million with total expenditures for the 2006 fiscal year in excess of \$493 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, 2006 CAFR, they have "cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2006" totaling approximately \$85.4 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, and Wal-Mart. The University Mall includes major retail stores such as Elder-Beerman, 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 nearly 89% of all tax levies and/or 100% of all bond issues since 1964. The average passage rate for those ballot issues was 58%. 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 20 grants generating nearly \$2.9 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 426 employees (full and part time) of which 233 are certificated (including school psychologists and counselors), 174 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 2006, 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, 2006 through August 31, 2009 included hourly wage increases of \$.35 effective September 2006, \$.35 in September 2007, and \$.40 in September 2008.

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 18% 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 multiple disabled, cognitively disabled, emotionally disabled, orthopedically impaired, learning disabled, speech and/or 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 2006**

### ***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. A comprehensive review of all District roofs was completed in 2006 and identified buildings by section that need addressed. The report included a prioritized list of each roof/section. Additionally, current fiscal year permanent improvements included electrical upgrades, renovations to doors and windows, and additional 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, which was updated in 2006, of having one computer for every five students in the classroom with 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 25 performance standards. Athens City Schools have met 14 of the 25 performance standards for the 2005-2006 school year. Based on the State's current ranking system, this score places the District in the Effective category. The District also achieved a *Performance Index* of 93.8. This score is up from 90.7 in 2004-2005. 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 a Financial Report to the Community in fiscal year 2005. The report was in a format similar to a PAFR with easy to read charts and graphs detailing academic accomplishments as well as financial data. The report was placed on the District Web Page and distributed as an insert in the local newspaper. 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 2006 had 5 students qualify as National Merit Scholars. There were also 3 class students who were recognized as National Merit Finalists. Since 1984, ninety-nine Athens High School graduates have been named National Merit Scholars and 134 more have earned commended status. A number of Athens High School class of 2006 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><b>Grant</b></u>	<u><b>Award Amount</b></u>	<u><b>Description of Grant</b></u>
Title I	\$490,722	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	\$176,062	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	\$13,756	Funds are designated for professional development of educational staff and the encouragement of technology and mathematics and science education.
Title III	\$19,295	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	\$18,345	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	\$10,443	<i>An Innovative Assistance Program</i> , funds from this have helped support new and creative educational applications.
Title VI-B	\$649,095	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 <sup>st</sup> Century	\$300,180	Funding is designed to provide after school enrichment programs to students who are economically, socially, and/or educationally most at risk.
ECSE	\$21,717	Funding is designed to provide tutoring and other focused supplemental supports for children most at risk in reading and mathematics.
<b>Total</b>	<b><u><u>\$1,699,615</u></u></b>	



## ***MAJOR INITIATIVES FOR THE FUTURE***

### ***Permanent Improvements***

The District intends to continue with annual maintenance issues and improvement projects. The summer of 2006 saw the beginning of schedule roof repairs in accordance with the comprehensive plan completed in FY2006. These will include electrical upgrades, roof repairs, renovations to doors and windows, and additional security cameras and equipment. Plans are in development for 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 starts with the continuation of the annual replacement plan with the purchase of more than 150 new computers. A switch is planned for the District's internet service from the current system which has an individual T-1 line serving each building routed through a third party to a wireless system which will increase speed by more than 5 times and create a single network throughout the entire District. Renovations are planned to convert an old school building into a modern technology center. The tech center will house the central network hardware, tech director, technicians, tech trainer and a new computer training center lab.

## ***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 2006.

### ***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, 2006, the District had outstanding bond issues of \$14,475,000. 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, 2006, the District's legal limitation was slightly more than \$40.6 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, 2006 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 2006 was \$423,812.

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 2006, 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, 2005. This was the sixth 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.

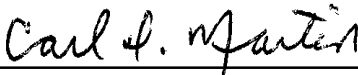
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ***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*

  
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*Carl D. Martin, Superintendent*

***List of Principal Officers***

***BOARD OF EDUCATION***

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President	Roger Brown	January 1, 2004 to December 31, 2007
Vice President	Jeffrey Dill, PhD	January 1, 2006 to December 31, 2009
Board Member	Scott Nisley	January 1, 2004 to December 31, 2007
Board Member	Catherine Cordingley	January 1, 2006 to December 31, 2009
Board Member	Bruce Nottke	January 1, 2006 to December 31, 2009

***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***

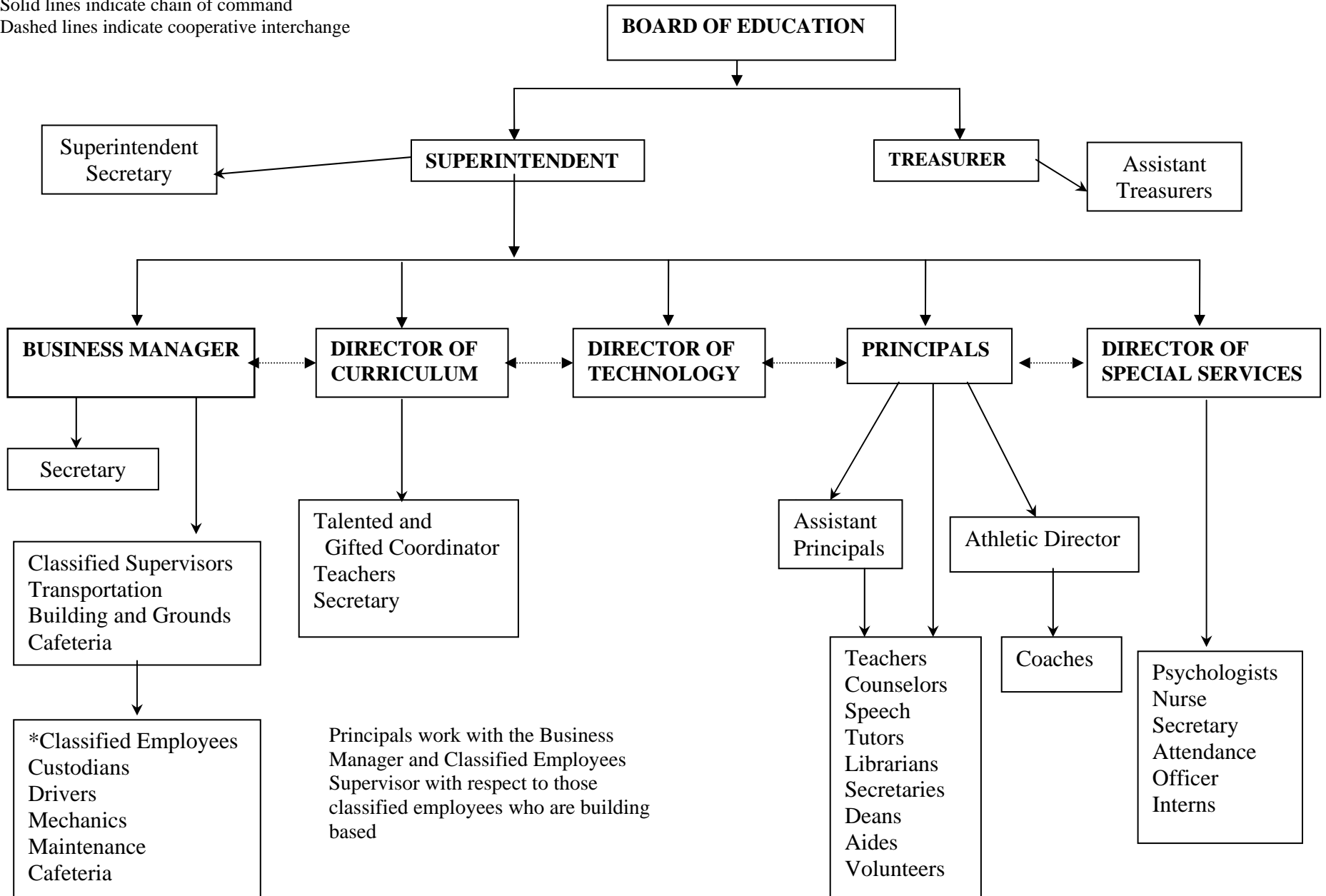
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Maintenance Supervisor.....	Larry Douglas
Transportation Supervisor.....	Robert Meek
Food Service Supervisor .....	Tammy Dicken

**ATHENS CITY SCHOOL DISTRICT ORGANIZATIONAL CHART**  
*For the Year Ended June 30, 2006*

Solid lines indicate chain of command  
 Dashed lines indicate cooperative interchange

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# 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, 2005

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



President

Executive Director

# BALESTRA, HARR & SCHERER CPAs, INC.

CERTIFIED PUBLIC ACCOUNTANTS

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

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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, 2006, 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.

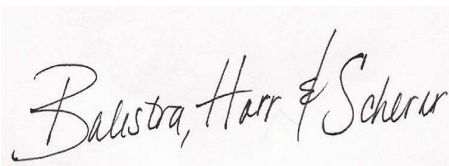
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2006, and the respective changes in financial 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 January 25, 2007, 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. 44, *Economic Condition Reporting: The Statistical Section*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation* and GASB Statement No. 47, *Accounting for Termination of Benefits*.

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.  
January 25, 2007



**ATHENS CITY SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*(Unaudited)*

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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, 2006. 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, 2006 by \$18.2 million. Of this amount, \$4.9 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 increased by \$196,357, which represents an increase of 1.10% from 2005.
- ▶ General revenues accounted for \$25.9 million or 81.85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5.7 million or 18.15% of total revenues of \$31.7 million.
- ▶ The District had \$31.5 million in expenses related to governmental activities; only \$5.7 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 25.9 million were adequate to cover the balance of governmental programs.
- ▶ 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 \$25.9 million in revenues and \$24.7 million in expenditures in fiscal year 2006.
- ▶ The District also recognizes the self-insurance fund activity as a governmental activity and a proprietary fund. The activity for fiscal year 2006 was \$4.5 million in revenue and \$4.1 million in expenses. Net assets at June 30, 2006 for the self-insurance fund increased \$433,854.

**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, 2006*  
(Unaudited)

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## **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**  
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**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.

**ATHENS CITY SCHOOL DISTRICT**  
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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>	
	2006	2005 *
<b>Assets</b>		
Current and Other Assets	\$31,724,534	\$31,738,104
Capital Assets, Net	22,725,496	23,679,522
Total Assets	<u>54,450,030</u>	<u>55,417,626</u>
<b>Liabilities</b>		
Long-Term Liabilities	17,587,447	19,884,562
Other Liabilities	18,692,968	17,559,806
Total Liabilities	<u>36,280,415</u>	<u>37,444,368</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	7,101,713	5,658,737
Restricted	6,179,777	7,407,898
Unrestricted	4,888,125	4,906,623
Total Net Assets	<u>\$18,169,615</u>	<u>\$17,973,258</u>

\* Restated – See Note 3

Current assets decreased by \$13,570 from fiscal year 2005 due primarily to the net effects of an increase in property taxes receivable and decrease in cash and cash equivalents.

Capital assets decreased \$954,026 due to current year depreciation expense.

Current (other) liabilities increased \$1.1 million primarily due to an increase in deferred revenue.

Long-term liabilities decreased by \$2.3 million due to principal retirement on debt obligations.

The District's largest portion of net assets is related to amounts investments in capital assets, net of related debt. This accounts for 39.09% of net assets. The District used these capital assets to provide service 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.

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The District's next largest portion of net assets relate to restricted net assets. This accounts for 34.01% of net assets. The restricted net assets are subject to external restrictions on how they may be used.

The District's smallest portion of net assets is unrestricted. This accounts for 26.90% 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 2006 compared to changes for fiscal year 2005.

Table 2  
**Changes in Net Assets**

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005 *</u>
<b><u>Revenues:</u></b>		
<i>Program Revenue:</i>		
Charges for Services and Sales	2,720,579	\$2,563,506
Operating Grants and Contributions	3,027,680	5,006,042
Capital Grants and Contributions	0	129,507
<i>General Revenue:</i>		
Property Taxes	16,534,567	14,723,949
Unrestricted Grants and Entitlements	8,775,371	7,619,010
Payments in Lieu of Taxes	123,188	153,841
Investment Earnings	423,812	237,517
Miscellaneous	63,054	123,505
<b>Total Revenues</b>	<b>31,668,251</b>	<b>30,556,877</b>

(Continued)

**ATHENS CITY SCHOOL DISTRICT**  
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Table 2  
**Changes in Net Assets**

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005 *</u>
<b><u>Expenses:</u></b>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	14,178,578	13,662,796
Special	3,393,969	3,540,251
Vocational	256,282	399,059
Other	10,221	7,068
<i>Support Services:</i>		
Pupil	1,315,904	1,486,340
Instructional Staff	1,635,083	1,537,961
Board of Education	116,190	102,567
Administration	1,841,002	1,877,535
Fiscal	909,318	743,760
Business	166,720	157,231
Operation and Maintenance of Plant	3,756,393	3,062,608
Pupil Transportation	1,722,528	1,898,101
Central	195,915	160,082
<i>Operation of Non-Instructional Services:</i>		
Food Service	834,670	794,515
Other	13,077	1,834
Extracurricular Activities	500,172	455,234
Interest and Fiscal Charges	625,872	2,282,367
<i>Total Expenses</i>	<u>31,471,894</u>	<u>32,169,309</u>
<i>Change in Net Assets</i>	196,357	(1,612,432)
Net Assets – Beginning of Year	<u>17,973,258</u>	<u>19,585,690</u>
Net Assets – End of Year	<u><u>\$18,169,615</u></u>	<u><u>\$17,973,258</u></u>

\* Restated – See Note 3

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The District had program revenue decreases of \$1,950,796, and increases in general revenues of \$3,062,170. The decrease in program revenue is due to the decrease in operating grants and contributions. The general revenue increase is mostly due to increases in property taxes and grants and entitlements.

The total expenses for governmental activities decreased \$697,415. Much of the decrease can be attributed to decreases in interest and fiscal charges for fiscal year 2006.

### **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 52.21% of the total revenue for governmental activities in fiscal year 2006.

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 three times, the last time in May 2006.

The District has only two non-continuing operating tax levies. One is for 5.8 mills which 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 \$2.8 million dollars in operating revenue. The other is a 4-year, \$3.2 million dollar "Emergency Levy" which passed in 2004. An emergency levy differs from a normal tax levy in that it is passed for a selected dollar amount rather than a set millage tax rate. Once the dollar amount is determined, the county auditor sets the millage tax rate each year that will generate that dollar amount in tax revenue. As of its passage in 2004, the millage tax rate was 7.78 mills. An emergency levy also does not count toward the 20 mill floor for schools.

Instruction accounts for 56.68% of governmental activities program expenses. Support services expenses make up 37.05% 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 2006 compared with fiscal year 2005. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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Table 3  
**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
<i>Program Expenses:</i>				
Instruction	\$17,839,050	\$17,609,174	\$13,871,555	\$12,548,135
Support Services	11,659,053	11,026,185	10,779,648	9,244,204
Operation of Non-Instructional Services	847,747	796,349	51,157	53,374
Extracurricular Activities	500,172	455,234	395,403	342,174
Interest and Fiscal Charges	625,872	2,282,367	625,872	2,282,367
Total Expenses	\$31,471,894	\$32,169,309	\$25,723,635	\$24,470,254

**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 \$31.5 million and expenditures of \$33.2 million.

Total governmental funds fund balances decreased by \$1.65 million. This decrease was due primarily to a decrease in the fund balance of the Bond Retirement Fund of \$1.4 million. The decrease in the Bond Retirement Fund is due to an increase in interest and fiscal charges. General Fund fund balance at year-end was \$2.4 million, while the Bond Retirement Fund fund balance was \$1.9 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 \$4.5 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 \$3.4 million.

The District should remain stable in fiscal years 2007 through 2009. However, projections beyond fiscal year 2009 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.



**ATHENS CITY SCHOOL DISTRICT**  
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During the course of fiscal year 2006, 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 \$25,117,739 representing a \$2,068,964 increase from the original budget estimates of \$23,048,775. The final budget reflected a 8.98% 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 \$24,789,753 representing an increase of \$753,631 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, 2006, the District had \$14.5 million in bonds outstanding with \$565,000 due within one year. Table 4 summarizes bonds outstanding for fiscal year 2006 compared to fiscal year 2005. More detailed information concerning the District's debt can be found in Note 14 of the notes to the basic financial statements.

Table 4  
**Outstanding Debt, Governmental Activities at Year End**

Purpose	2006	2005
Facility Construction Bonds (Refunding)	\$0	\$1,770,000
Facility Construction Bonds (Refunding)	9,205,000	9,305,000
Facility Renovation Bonds	5,270,000	5,685,000
Total	<u>\$14,475,000</u>	<u>\$16,760,000</u>

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**Capital Assets**

At the end of fiscal year 2006, the District had \$46.7 million invested in capital assets for its governmental activities. That total carries an accumulated depreciation of \$23.98 million. Table 5 shows fiscal year 2006 balances compared to fiscal year 2005. More detailed information concerning the District's capital assets can be found in Note 9 of the notes to the basic financial statements.

Table 5  
**Capital Assets & Accumulated Depreciation at June 30, 2006**

	<u>Governmental Activities</u>	
	2006	2005 *
<i>Nondepreciable Capital Assets:</i>		
Land	\$1,519,380	\$1,481,240
<i>Depreciable Capital Assets:</i>		
Land Improvements	2,973,530	2,973,530
Buildings and Improvements	35,384,837	35,328,477
Furniture, Fixtures and Equipment	3,227,555	3,216,236
Vehicles	2,197,585	2,398,468
Library and Textbooks	1,399,405	1,399,405
<i>Total Capital Assets</i>	46,702,292	46,797,356
<i>Less Accumulated Depreciation:</i>		
Land Improvements	1,933,034	1,844,230
Buildings and Improvements	16,403,438	15,482,826
Furniture, Fixtures and Equipment	3,014,383	2,927,491
Vehicles	1,235,824	1,491,746
Library and Textbooks	1,390,117	1,371,541
<i>Total Accumulated Depreciation</i>	23,976,796	23,117,834
Capital Assets, Net	\$22,725,496	\$23,679,522

\* Restated – See Note 3

**ATHENS CITY SCHOOL DISTRICT**  
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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 and a 1% Income Tax in November of 2006 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 and received \$439,939.
- 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 did see an increase of PBA versus DPIA from 2005 to 2006 of \$435,193.
- Total SF3 Funding – Once a true comparison is made of all the affected line items, the total SF3 State funding did increase from FY2005 to FY2006 in the amount of \$184,980. Almost the entire increase was due to the increase in per pupil funding for special education

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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.

Real Estate property values for all classes of property (Residential, Agricultural, Commercial and Industrial) will see only an estimated 1% to 1.5% growth in assessed valuation in calendar 2006. This represents new construction since it was a non-reappraisal or triennial update year. The next inflationary increase in real property will occur in 2008.

The City completed major improvements to the street and utilities which spawned development on the east side. 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 and 2005. Additional commercial construction is on-going in late 2006 and early 2007. Two new major hotels are under construction as well as two addition franchise restaurants and other retail sales operations. 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. The District began receiving an "In Lieu of Tax" 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.

H.B. 66 also changed the rules governing TIF agreements as they relate to school funding. Agreements entered into after January 1, 2006 will have to be reported to the Ohio Department of Education. Any payments received a school district will be deducted from their state funding as part of the charge-off.

**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.

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**ATHENS CITY SCHOOL DISTRICT**

Statement of Net Assets

June 30, 2006

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	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$14,561,584
Property Taxes Receivable	16,315,751
Accounts Receivable	181
Intergovernmental Receivable	601,258
Prepaid Items	53,629
Inventory Held for Resale	13,011
Deferred Charges	146,287
<i>Restricted Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	32,833
Nondepreciable Capital Assets	1,519,380
Depreciable Capital Assets, Net	21,206,116
<i>Total Assets</i>	<u>54,450,030</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	76,273
Accrued Wages and Benefits	2,106,112
Contracts Payable	18,963
Intergovernmental Payable	890,719
Accrued Interest Payable	32,849
Claims Payable	159,150
Unearned Revenue	15,188,902
Early Retirement Incentive Payable	220,000
<i>Long-Term Liabilities:</i>	
Due within One Year	1,136,563
Due in More Than One Year	16,450,884
<i>Total Liabilities</i>	<u>36,280,415</u>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets, Net of Related Debt	7,101,713
<i>Restricted for:</i>	
Capital Outlay	3,439,769
Debt Service	2,076,548
Other Purposes	663,460
Unrestricted	4,888,125
<i>Total Net Assets</i>	<u><u>\$18,169,615</u></u>

See accompanying notes to the basic financial statements

**ATHENS CITY SCHOOL DISTRICT**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2006

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>	Expenses		
<i>Instruction:</i>			
Regular	\$14,178,578	\$2,269,227	\$215,458
Special	3,393,969	0	1,443,815
Vocational	256,282	0	38,995
Other	10,221	0	0
<i>Support Services:</i>			
Pupil	1,315,904	57	53,537
Instructional Staff	1,635,083	8,059	57,415
Board of Education	116,190	0	0
Administration	1,841,002	4,001	50,428
Fiscal	909,318	0	0
Business	166,720	0	0
Operation and Maintenance of Plant	3,756,393	0	0
Pupil Transportation	1,722,528	0	670,745
Central	195,915	0	35,163
<i>Operation of Non-Instructional Services:</i>			
Food Services	834,670	350,560	446,030
Other	13,077	0	0
Extracurricular Activities	500,172	88,675	16,094
Interest and Fiscal Charges	625,872	0	0
<b>Total Governmental Activities</b>	<b>\$31,471,894</b>	<b>\$2,720,579</b>	<b>\$3,027,680</b>
 <b>General Revenues:</b>			
<i>Property Taxes Levied for:</i>			
General Purposes			14,127,682
Debt Service			1,443,662
Capital Outlay			963,223
Grants and Entitlements not Restricted to Specific Programs			8,775,371
Payments in Lieu of Taxes			123,188
Investment Earnings			423,812
Miscellaneous			63,054
<b>Total General Revenues</b>			<b>25,919,992</b>
Change in Net Assets			196,357
<i>Net Assets at Beginning of Year, As Restated (See Note 3)</i>			17,973,258
<b>Net Assets at End of Year</b>			<b>\$18,169,615</b>

See accompanying notes to the basic financial statements

**ATHENS CITY SCHOOL DISTRICT**

*Balance Sheet*

*Governmental Funds*

*June 30, 2006*

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$4,443,303	\$1,869,720	\$3,393,987	\$732,916	\$10,439,926
Property Taxes Receivable	13,903,983	1,369,458	1,042,310	0	16,315,751
Accounts Receivable	181	0	0	0	181
Intergovernmental Receivable	0	0	0	601,258	601,258
Interfund Receivable	305,284	0	0	0	305,284
Prepaid Items	53,629	0	0	0	53,629
Inventory Held for Resale	0	0	0	13,011	13,011
<b><u>Restricted Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	32,833	0	0	0	32,833
<b>Total Assets</b>	<b>\$18,739,213</b>	<b>\$3,239,178</b>	<b>\$4,436,297</b>	<b>\$1,347,185</b>	<b>\$27,761,873</b>
<b><u>Liabilities and Fund Balances:</u></b>					
<b><u>Liabilities:</u></b>					
Accounts Payable	\$24,643	\$0	\$33,856	\$17,774	\$76,273
Accrued Wages and Benefits	1,813,239	0	0	292,873	2,106,112
Contracts Payable	0	0	18,963	0	18,963
Intergovernmental Payable	780,836	0	0	109,883	890,719
Interfund Payable	0	0	0	305,284	305,284
Deferred Revenue	13,560,988	1,332,983	1,018,580	496,891	16,409,442
Early Retirement Incentive Payable	200,000	0	0	20,000	220,000
<b>Total Liabilities</b>	<b>16,379,706</b>	<b>1,332,983</b>	<b>1,071,399</b>	<b>1,242,705</b>	<b>20,026,793</b>
<b><u>Fund Balances:</u></b>					
Reserved for Encumbrances	172,644	0	37,982	104,590	315,216
Reserved for Property Taxes	342,995	36,475	23,730	0	403,200
Reserved for Budget Stabilization	17,355	0	0	0	17,355
Reserved for Bus Purchases	15,478	0	0	0	15,478
<b><u>Unreserved, Undesignated, Reported in:</u></b>					
General Fund	1,811,035	0	0	0	1,811,035
Special Revenue Funds	0	0	0	(32,868)	(32,868)
Debt Service Fund	0	1,869,720	0	0	1,869,720
Capital Projects Funds	0	0	3,303,186	32,758	3,335,944
<b>Total Fund Balances</b>	<b>2,359,507</b>	<b>1,906,195</b>	<b>3,364,898</b>	<b>104,480</b>	<b>7,735,080</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$18,739,213</b>	<b>\$3,239,178</b>	<b>\$4,436,297</b>	<b>\$1,347,185</b>	<b>\$27,761,873</b>

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, 2006*

**Total Governmental Funds Balances** \$7,735,080

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

Capital assets used in governmental activities are not financial resources and  
 therefore are not reported in the funds. 22,725,496

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	723,649
Intergovernmental	<u>496,891</u>

Total receivables that are deferred in the funds 1,220,540

Unamortized issuance costs represent deferred charges which do not provide current  
 financial resources and are therefore not reported in the funds. 146,287

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	(14,475,000)
Premium on bonds issued	(1,156,600)
Accrued interest on bonds	(32,849)
Compensated absences	<u>(1,955,847)</u>

Total liabilities that are not reported in the funds (17,620,296)

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. 3,962,508

*Net Assets of Governmental Activities* \$18,169,615

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, 2006*

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>					
Taxes	\$13,995,861	\$1,453,368	\$958,636	\$0	\$16,407,865
Intergovernmental	8,348,474	162,280	96,152	3,216,534	11,823,440
Interest	299,086	0	63,590	2,062	364,738
Tuition and Fees	2,174,536	0	0	77,979	2,252,515
Extracurricular Activities	0	0	0	117,504	117,504
Rent	6,572	0	0	0	6,572
Charges for Services	0	0	0	350,560	350,560
Payments in Lieu of Taxes	123,188	0	0	0	123,188
Contributions and Donations	0	0	0	36,711	36,711
Miscellaneous	28,086	0	6,675	21,721	56,482
<i>Total Revenues</i>	<u>24,975,803</u>	<u>1,615,648</u>	<u>1,125,053</u>	<u>3,823,071</u>	<u>31,539,575</u>
<b><u>Expenditures:</u></b>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	11,397,653	0	509,784	1,305,334	13,212,771
Special	2,528,246	0	0	886,930	3,415,176
Vocational	274,446	0	0	0	274,446
Other	10,221	0	0	0	10,221
<i>Support Services:</i>					
Pupil	1,061,594	0	0	266,516	1,328,110
Instructional Staff	1,059,331	0	12,821	549,411	1,621,563
Board of Education	114,584	0	0	720	115,304
Administration	1,736,088	0	1,472	113,760	1,851,320
Fiscal	811,731	34,395	26,688	141	872,955
Business	168,127	0	0	750	168,877
Operation and Maintenance of Plant	3,277,133	0	471,125	7,235	3,755,493
Pupil Transportation	1,728,937	0	103,638	36,961	1,869,536
Central	154,417	0	0	42,043	196,460
Operation of Non-Instructional Services	203	0	12,874	823,439	836,516
Extracurricular Activities	347,502	0	6,000	110,126	463,628
Capital Outlay	0	0	163,318	19,012	182,330
<i>Debt Service:</i>					
Principal Retirement	0	2,285,000	0	0	2,285,000
Interest and Fiscal Charges	0	730,168	0	0	730,168
<i>Total Expenditures</i>	<u>24,670,213</u>	<u>3,049,563</u>	<u>1,307,720</u>	<u>4,162,378</u>	<u>33,189,874</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>305,590</u>	<u>(1,433,915)</u>	<u>(182,667)</u>	<u>(339,307)</u>	<u>(1,650,299)</u>
<b><u>Other Financing Sources (Uses):</u></b>					
Transfer In	0	0	0	84,137	84,137
Transfer Out	(84,137)	0	0	0	(84,137)
<i>Total Other Financing Sources (Uses)</i>	<u>(84,137)</u>	<u>0</u>	<u>0</u>	<u>84,137</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	221,453	(1,433,915)	(182,667)	(255,170)	(1,650,299)
<i>Fund Balances at Beginning of Year</i>	2,138,054	3,340,110	3,547,565	359,650	9,385,379
<i>Fund Balances at End of Year</i>	<u>\$2,359,507</u>	<u>\$1,906,195</u>	<u>\$3,364,898</u>	<u>\$104,480</u>	<u>\$7,735,080</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, 2006*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	(\$1,650,299)
 <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.	
	(954,026)
 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	134,803
Intergovernmental	<u>(65,201)</u>
Total revenues not reported in the funds	69,602
 Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
	2,285,000
 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.	
	(7,699)
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
	7,810
 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:	
Compensated absences	(192,070)
Retirement incentive obligation	100,000
Premium on bonds issued	<u>104,185</u>
Total expenditures not reported in the funds	12,115
 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>433,854</u>
 <i>Change in Net Assets of Governmental Activities</i>	 <u><u>\$196,357</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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues:</u></b>				
Property Taxes	\$11,850,000	\$14,109,929	\$14,109,929	\$0
Intergovernmental	8,675,500	8,348,474	8,348,474	0
Interest	150,000	299,086	299,086	0
Tuition and Fees	2,127,500	2,174,536	2,174,536	0
Rent	9,000	6,572	6,572	0
Payments in Lieu of Taxes	155,000	123,188	123,188	0
Miscellaneous	81,775	55,954	56,196	242
<i>Total Revenues</i>	<u>23,048,775</u>	<u>25,117,739</u>	<u>25,117,981</u>	<u>242</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	11,117,018	11,458,009	11,458,009	0
Special	2,455,464	2,535,905	2,535,904	1
Vocational	386,875	291,427	291,428	(1)
Other	8,011	10,221	10,221	0
<i>Support Services:</i>				
Pupils	1,018,600	1,084,025	1,084,024	1
Instructional Staff	1,053,467	1,070,465	1,070,465	0
Board of Education	174,722	104,087	104,086	1
Administration	1,737,164	1,722,566	1,722,566	0
Fiscal	706,431	802,329	802,329	0
Business	171,120	168,375	168,375	0
Operation and Maintenance of Plant	3,146,455	3,345,428	3,345,428	0
Pupil Transportation	1,575,690	1,674,747	1,674,747	0
Central	123,471	153,068	153,068	0
Operation of Non-Instructional Services	172	203	203	0
Extracurricular Activities	361,462	368,898	368,898	0
<i>Total Expenditures</i>	<u>24,036,122</u>	<u>24,789,753</u>	<u>24,789,751</u>	<u>2</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(987,347)</u>	<u>327,986</u>	<u>328,230</u>	<u>244</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Advances In	108,384	108,384	108,384	0
Advances Out	(70,000)	(50,096)	(50,096)	0
Transfers Out	(25,000)	(84,137)	(84,137)	0
<i>Total Other Financing Sources (Uses)</i>	<u>13,384</u>	<u>(25,849)</u>	<u>(25,849)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(973,963)</u>	<u>302,137</u>	<u>302,381</u>	<u>244</u>
<i>Fund Balance at Beginning of Year</i>	4,031,577	4,031,577	4,031,577	0
Prior Year Encumbrances Appropriated	<u>200,074</u>	<u>200,074</u>	<u>200,074</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,257,688</u></u>	<u><u>\$4,533,788</u></u>	<u><u>\$4,534,032</u></u>	<u><u>\$244</u></u>

See accompanying notes to the basic financial statements.

**ATHENS CITY SCHOOL DISTRICT**

*Statement of Net Assets*

*Proprietary Fund*

*June 30, 2006*

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	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Assets:</u></b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,121,658</u>
<b><u>Liabilities:</u></b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>159,150</u>
<b><u>Net Assets:</u></b>	
Unrestricted	<u><u>\$3,962,508</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, 2006*

	Governmental Activities
	Internal Service
<b><u>Operating Revenues:</u></b>	
Charges for Services	\$4,477,199
<b><u>Operating Expenses:</u></b>	
Purchased Services	636,568
Claims	3,462,970
Other	2,881
<i>Total Operating Expenses</i>	4,102,419
<i>Operating Income</i>	374,780
<b><u>Nonoperating Revenue:</u></b>	
Interest	59,074
<i>Change in Net Assets</i>	433,854
<i>Net Assets at Beginning of Year</i>	3,528,654
<i>Net Assets at End of Year</i>	\$3,962,508

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, 2006

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	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Interfund Services Provided	\$4,477,199
Cash Payments for Goods and Services	(636,568)
Cash Payments to Other Sources	(2,881)
Cash Payments for Claims	<u>(3,447,017)</u>
<i>Net Cash from Operating Activities</i>	<u>390,733</u>
<b><u>Cash Flows from Investing Activities:</u></b>	
Cash Received from Investment Activities	<u>70,115</u>
<i>Net Cash from Investing Activities</i>	<u>70,115</u>
<i>Net Increase in Cash and Cash Equivalents</i>	460,848
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>3,660,810</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$4,121,658</u></u>
<b><u>Reconciliation of Operating Income (Loss)</u></b>	
<b><u>to Net Cash from Operating Activities:</u></b>	
Operating Income	\$374,780
<b><u>Adjustments to Reconcile Operating Income (Loss)</u></b>	
<b><u>to Net Cash from Operating Activities:</u></b>	
<i>Increase (Decrease) in Liabilities:</i>	
Claims Payable	<u>15,953</u>
Total Adjustments	<u>15,953</u>
<i>Net Cash from Operating Activities</i>	<u><u>\$390,733</u></u>

See accompanying notes to the basic financial statements

**ATHENS CITY SCHOOL DISTRICT**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2006*

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	<u>Private Purpose Trust</u>	<u>Agency</u>
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$39,559</u>	<u>\$65,239</u>
<b><u>Liabilities:</u></b>		
Due to Students	<u>0</u>	<u>65,239</u>
<b><u>Net Assets:</u></b>		
Unrestricted	<u><u>\$39,559</u></u>	<u><u>\$0</u></u>

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, 2006*

	Private Purpose Trust
<b><u>Additions:</u></b>	
Miscellaneous	\$8,241
<b><u>Deductions</u></b>	
	0
<i>Change in Net Assets</i>	8,241
<i>Net Assets at Beginning of Year</i>	31,318
<i>Net Assets at End of Year</i>	\$39,559

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, 2006*

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**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 156<sup>th</sup> largest in the State of Ohio (among 614 school districts) in terms of enrollment. It is staffed by 174 non-certificated employees, 233 certificated full-time teaching personnel and 19 administrative employees who provide services to 2,423 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 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, 2006*

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**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, 2006*

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**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, 2006*

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**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, 2006*

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**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, 2006, but which were levied to finance fiscal year 2007 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 2006, the District's investments were limited to the U.S. Treasury Notes, Federal Securities 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, 2006.

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 2006 amounted to \$299,086, which includes \$179,911 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, 2006*

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**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, 2006, 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, 2006*

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**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.

**ATHENS CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2006*

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

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

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 2006, 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, 2006*

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**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 2006.

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 - PRIOR PERIOD ADJUSTMENT AND NEW GASB PRONOUNCEMENT**

**Prior Period Adjustment**

The District found that several capital assets were omitted in previous years which resulted in the June 30, 2005 capital asset balances being understated.

	<u>Governmental Activities</u>
Net Assets at June 30, 2005	\$17,471,405
Understatement of Capital Assets	501,853
Adjusted Net Assets at June 30, 2005	<u><u>\$17,973,258</u></u>

**ATHENS CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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**NOTE 3 - PRIOR PERIOD ADJUSTMENT AND NEW GASB PRONOUNCEMENT** - (Continued)

**New GASB Pronouncement**

For fiscal year 2006, the District implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits." The implementation of GASB Statement No. 44, amends the portions of NCGA Statement No. 1, "Governmental Accounting and Financial Reporting Principles." that guide the preparation of the statistical section. GASB Statement No. 34 information is now required to be included in the statistical section. There is also additional explanation of the nature of the information that the statistical section is to contain so that the information is now more useful and comparable. The implementation of GASB Statement No. 46 and 47 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, 2006 :

*Nonmajor Special Revenue Funds:*

Food Service	\$33,016
Other State Support	25,390
Title VI-B	54,979
Title I	70,384
Other Federal Support	215,188

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.

**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.

**ATHENS CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** -(Continued)

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	\$221,453
<i>Adjustments:</i>	
Revenue Accruals	142,178
Expenditure Accruals	(316,825)
Encumbrances	197,287
Other Sources (Uses)	58,288
Budget Basis	<u><u>\$302,381</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, 2006*

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**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 2006, 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, 2006*

**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, 2006, the carrying amount of all District deposits was \$8,352,296. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2006, \$8,256,322 of the District's bank balance of \$8,456,322 was exposed to custodial risk as discussed above while \$200,000 was covered by Federal Deposit Insurance. The \$8,256,322 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, 2006, 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	\$1,193,738	\$1,193,738	\$0
U.S. Treasury Notes	154,535	154,535	0
Federal Home Loan Bank Bonds	2,008,961	1,245,556	763,405
Federal Home Loan Mortgage Notes	2,987,685	1,971,872	1,015,813
Totals	<u>\$6,344,919</u>	<u>\$4,565,701</u>	<u>\$1,779,218</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, 2006*

**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 in its investment policy. 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 19%, 32%, and 47%, 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	\$14,699,215	\$0
Cash on Hand	(2,000)	0
<i>Investments:</i>		
STAROhio	(1,193,738)	1,193,738
U.S. Treasury Notes	(154,535)	154,535
Federal Home Loan Bank Bonds	(2,008,961)	2,008,961
Federal Home Loan Mortgage Notes	(2,987,685)	2,987,685
GASB Statement No. 3	<u>\$8,352,296</u>	<u>\$6,344,919</u>

**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, 2006*

**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, 2006 are available to finance fiscal year 2006 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 2006 personal property tax settlement, delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which become measurable as of June 30, 2006. 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, 2006 was \$403,200 and is recognized as revenue. Of this total amount, \$342,995 was available to the General Fund, \$36,475 was available to the Bond Retirement Fund, and \$23,730 was available to the Permanent Improvement Fund.

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$363,430,010	88.07%	\$399,322,400	88.84%
Public Utility Personal	24,169,380	5.86%	26,766,620	5.37%
Tangible Personal Property	25,073,212	6.07%	25,034,896	5.79%
Total Assessed Value	<u>\$412,672,602</u>	<u>100.00%</u>	<u>\$451,123,916</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$69.78		\$69.78	

**ATHENS CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2006*

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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2006 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	\$50,096
Other State Support	11,402
Title VI-B	6,619
Title I	189,842
Other Federal Support	343,299
Total Nonmajor Special Revenue Funds	<hr/> 601,258 <hr/>
Total Intergovernmental Receivables	<hr/> <u>\$601,258</u> <hr/>

**ATHENS CITY SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

**NOTE 9 - CAPITAL ASSETS**

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

Asset Category	Balance at July 1, 2005 *	Transfers/ Additions	Transfers/ Deletions	Balance at June 30, 2006
<i>Nondepreciable Capital Assets:</i>				
Land	\$1,481,240	\$38,140	\$0	\$1,519,380
Total Nondepreciable Capital Assets	1,481,240	38,140	0	1,519,380
<i>Depreciable Capital Assets:</i>				
Land Improvements	2,973,530	0	0	2,973,530
Buildings and Improvements	35,328,477	56,360	0	35,384,837
Furniture, Fixtures and Equipment	3,216,236	11,319	0	3,227,555
Vehicles	2,398,468	179,976	(380,859)	2,197,585
Library and Textbooks	1,399,405	0	0	1,399,405
Total Depreciable Capital Assets	45,316,116	247,655	(380,859)	45,182,912
Total Capital Assets	46,797,356	285,795	(380,859)	46,702,292
<i>Accumulated Depreciation:</i>				
Land Improvements	(1,844,230)	(88,804)	0	(1,933,034)
Buildings and Improvements	(15,482,826)	(920,612)	0	(16,403,438)
Furniture, Fixtures and Equipment	(2,927,491)	(86,892)	0	(3,014,383)
Vehicles	(1,491,746)	(124,937)	380,859	(1,235,824)
Library and Textbooks	(1,371,541)	(18,576)	0	(1,390,117)
Total Accumulated Depreciation	(23,117,834)	(1,239,821)	380,859	(23,976,796)
Total Net Capital Assets	\$23,679,522	(\$954,026)	\$0	\$22,725,496

\* Restated - See Note 3

**ATHENS CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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**NOTE 9 - CAPITAL ASSETS** - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$992,488
Special	6,944
Vocational	124
<i>Support Services:</i>	
Instructional Staff	31,889
Board of Education	886
Administration	8,698
Fiscal	78
Operation and Maintenance	9,720
Pupil Transportation	133,466
Central	834
Operation of Non-Instructional Services	11,782
Extracurricular Activities	42,912
	<hr/>
Total Depreciation Expense	<u><u>\$1,239,821</u></u>

***ATHENS CITY SCHOOL DISTRICT***

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2006*

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**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 2006, 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 2006, 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, 2006*

**NOTE 10 - RISK MANAGEMENT** - (Continued)

The claims liability of \$159,150 reported at June 30, 2006 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>
2005	\$497,659	\$3,123,620	\$3,478,082	\$143,197
2006	143,197	3,462,970	3,447,017	159,150

**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 2006, 10.58 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, 2006, 2005, and 2004 were \$500,721, \$328,666, and \$388,675, respectively; 54.05 percent has been contributed for fiscal year 2006 and 100 percent for the fiscal years 2005 and 2004. \$230,061 representing the unpaid contribution for fiscal year 2006, 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, 2006*

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**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, 2006, 2005, and 2004 were \$1,644,782, \$1,590,208, and \$1,639,667, respectively; 83.34 percent has been contributed for fiscal year 2006 and 100 percent for the fiscal years 2005 and 2004. \$273,995 representing the unpaid contribution for fiscal year 2006, 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, 2006, 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, 2006*

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**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 2006, 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 \$126,522 during fiscal year 2006.

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

For SERS, coverage is made available to service retirees with ten or more 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 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay has been established at \$35,800. 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, 2005, were \$178,221,113 target level was \$267.3million. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$267.5 million. The number of participants currently receiving health care benefits is approximately 58,123. For the District, the amount to fund health care benefits, including the surcharge, equaled \$220,404 during the 2006 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, 2006*

**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. As of June 30, 2006, there was a \$220,000 retirement incentive recorded as a fund liability by the District.

**NOTE 14 - LONG-TERM LIABILITIES**

The changes in the District's long-term liabilities during fiscal year 2006 were as follows:

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2005	Additions	Deletions	Principal Outstanding at June 30, 2006	Amount Due in One Year
<u>Governmental Activities:</u>							
Renovation Bonds	2000	6.01%	\$5,685,000	\$0	\$415,000	\$5,270,000	\$440,000
Refunding Bonds	2003	3.0-4.0%	1,770,000	0	1,770,000	0	0
Refunding Bonds Term Bonds	2005	4.24%	9,165,000	0	100,000	9,065,000	125,000
Capital Appreciation Bonds			140,000	0	0	140,000	0
Issuance Premium on Bonds			1,260,785	0	104,185	1,156,600	60,874
Retirement Incentive Obligation			100,000	0	100,000	0	0
Compensated Absences			1,763,777	648,187	456,117	1,955,847	510,689
Total Governmental Activities Long-Term Liabilities			<u>\$19,884,562</u>	<u>\$648,187</u>	<u>\$2,945,302</u>	<u>\$17,587,447</u>	<u>\$1,136,563</u>

**ATHENS CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2006*

**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, 2017. 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, 2006, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	545,000	202,049	747,049
2012-2016	2,045,000	737,651	2,782,651
2017	770,000	25,603	795,603
Total	<u>\$5,270,000</u>	<u>\$2,044,293</u>	<u>\$7,314,293</u>

*Refunding General Obligation Bonds* - During fiscal year 2005, the District issued \$3,305,000 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, 2006*

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**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
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
	<u>\$9,065,000</u>

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, 2006*

**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.

Principal and interest requirements to retire the 2005 refunding bonds outstanding at June 30, 2006, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Term Bonds</u>	<u>Capital Appreciation Bonds</u>	<u>Interest</u>	<u>Total</u>
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	140,000	0	383,422	523,422
2012-2016	1,015,000	715,000	2,393,642	4,123,642
2017-2021	2,965,000	905,000	2,389,777	6,259,777
2022-2025	4,425,000	0	431,320	4,856,320
Total	<u>\$9,065,000</u>	<u>\$1,620,000</u>	<u>\$7,173,299</u>	<u>\$17,858,299</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 \$28,135,873 with an unvoted debt margin of \$451,124 at June 30, 2006.

**NOTE 15 - INTERFUND ACTIVITY**

As of June 30, 2006, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$305,284	\$0
<i>Nonmajor Special Revenue Funds:</i>		
Food Service	0	50,096
Other State Support	0	438
Other Federal Support	0	254,750
Total Nonmajor Special Revenue Funds	<u>0</u>	<u>305,284</u>
Total	<u>\$305,284</u>	<u>\$305,284</u>

**ATHENS CITY SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

**NOTE 15 - INTERFUND ACTIVITY** - (Continued)

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance of \$305,284 due to the General Fund from the funds listed is a result of advances made to these funds by the General Fund, that were not repaid as of June 30, 2006.

Transfers made during the year ended June 30, 2006 were as follows:

Fund	Transfers From	Transfers To
<i>General Fund</i>	\$84,137	\$0
<i>Nonmajor Special Revenue Fund:</i>		
Food Service	0	29,111
Title I	0	31,523
Other Federal Support	0	23,503
Total	<u>\$84,137</u>	<u>\$84,137</u>

Transfers were made to the Food Service Fund to subsidize operations in that fund. Transfers to all other funds were made to move unrestricted balances to support programs and projects accounted for in those funds.

**NOTE 16 - STATUTORY SET-ASIDES**

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2006:

	Textbooks	Capital Improvements	Budget Stabilization	Totals
Set-Aside Balance as of July 1, 2005	\$0	\$0	\$10,928	10,928
Current Year Set-Aside Requirement	438,926	438,926	6,427	884,279
Qualifying Disbursements	(438,926)	(438,926)	0	(877,852)
Total	<u>0</u>	<u>0</u>	<u>17,355</u>	<u>17,355</u>
Set-Aside Balance as of June 30, 2006	<u>\$0</u>	<u>\$0</u>	<u>\$17,355</u>	
Total Restricted Assets				<u>\$17,355</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, 2006*

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**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 \$84,691 to SEOVEC in fiscal year 2006.

**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 2006, 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 2006.

**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, 2006*

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***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, 2006.

***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 May 16, 2003, the Ohio Supreme Court issued its final 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.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**ATHENS CITY SCHOOL DISTRICT**  
**Description of Funds**

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***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.

**Poverty Based Aid**

A fund used to account for monies received for poverty based assistance as part of the state foundation system.

**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, Disadvantaged Pupil Impact Aid, 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**

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***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 and improving capital facilities including real property.

**ATHENS CITY SCHOOL DISTRICT**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$700,158	\$32,758	\$732,916
Intergovernmental Receivable	601,258	0	601,258
Inventory Held for Resale	13,011	0	13,011
<i>Total Assets</i>	<u>\$1,314,427</u>	<u>\$32,758</u>	<u>\$1,347,185</u>
<b><u>Liabilities and Fund Balances:</u></b>			
<b><u>Liabilities:</u></b>			
Accounts Payable	\$17,774	\$0	\$17,774
Accrued Wages and Benefits	292,873	0	292,873
Intergovernmental Payable	109,883	0	109,883
Interfund Payable	305,284	0	305,284
Deferred Revenue	496,891	0	496,891
Early Retirement Incentive Payable	20,000	0	20,000
<i>Total Liabilities</i>	<u>1,242,705</u>	<u>0</u>	<u>1,242,705</u>
<b><u>Fund Balances:</u></b>			
Reserved for Encumbrances	104,590	0	104,590
<i>Unreserved, Undesignated, Reported in:</i>			
Special Revenue Funds	(32,868)	0	(32,868)
Capital Projects Funds	0	32,758	32,758
<i>Total Fund Balances</i>	<u>71,722</u>	<u>32,758</u>	<u>104,480</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,314,427</u>	<u>\$32,758</u>	<u>\$1,347,185</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, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b><u>Revenues:</u></b>			
Intergovernmental	\$3,216,534	\$0	\$3,216,534
Interest	0	2,062	2,062
Tuition and Fees	77,979	0	77,979
Extracurricular Activities	117,504	0	117,504
Charges for Services	350,560	0	350,560
Contributions and Donations	36,711	0	36,711
Miscellaneous	21,721	0	21,721
<i>Total Revenues</i>	<u>3,821,009</u>	<u>2,062</u>	<u>3,823,071</u>
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	1,305,334	0	1,305,334
Special	886,930	0	886,930
<i>Support Services:</i>			
Pupil	266,516	0	266,516
Instructional Staff	549,411	0	549,411
Board of Education	720	0	720
Administration	113,760	0	113,760
Fiscal	141	0	141
Business	750	0	750
Operation and Maintenance of Plant	7,235	0	7,235
Pupil Transportation	36,961	0	36,961
Central	42,043	0	42,043
Operation of Non-Instructional Services	823,439	0	823,439
Extracurricular Activities	110,126	0	110,126
Capital Outlay	0	19,012	19,012
<i>Total Expenditures</i>	<u>4,143,366</u>	<u>19,012</u>	<u>4,162,378</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(322,357)</u>	<u>(16,950)</u>	<u>(339,307)</u>
<b><u>Other Financing Sources:</u></b>			
Transfers In	84,137	0	84,137
<i>Net Change in Fund Balances</i>	(238,220)	(16,950)	(255,170)
<i>Fund Balances at Beginning of Year</i>	<u>309,942</u>	<u>49,708</u>	<u>359,650</u>
<i>Fund Balances at End of Year</i>	<u><u>\$71,722</u></u>	<u><u>\$32,758</u></u>	<u><u>\$104,480</u></u>

**ATHENS CITY SCHOOL DISTRICT**

*Combining Balance Sheet*

*Nonmajor Special Revenue Funds*

*June 30, 2006*

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	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Other Local Support</u>	<u>District Managed Activities</u>
<b><u>Assets:</u></b>				
Equity In Pooled Cash and Cash Equivalents	\$6,877	\$28,670	\$103,291	\$74,862
Intergovernmental Receivable	50,096	0	0	0
Inventory Held for Resale	13,011	0	0	0
<i>Total Assets</i>	<u>\$69,984</u>	<u>\$28,670</u>	<u>\$103,291</u>	<u>\$74,862</u>
<b><u>Liabilities and Fund Balances:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$0	\$1,125	\$7,629	\$2,785
Accrued Wages and Benefits	36,165	0	336	0
Intergovernmental Payable	16,739	0	590	9
Interfund Payable	50,096	0	0	0
Early Retirement Incentive Payable	0	0	0	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>103,000</u>	<u>1,125</u>	<u>8,555</u>	<u>2,794</u>
<b><u>Fund Balances:</u></b>				
Reserved for Encumbrances	6,881	1,656	3,616	1,137
<i>Unreserved, Undesignated, Reported in:</i> Special Revenue Funds	<u>(39,897)</u>	<u>25,889</u>	<u>91,120</u>	<u>70,931</u>
<i>Total Fund Balances</i>	<u>(33,016)</u>	<u>27,545</u>	<u>94,736</u>	<u>72,068</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$69,984</u>	<u>\$28,670</u>	<u>\$103,291</u>	<u>\$74,862</u>

Poverty Based Aid	Ohio Reads	Other State Support	Title VI-B	Title I	Other Federal Support	Total Nonmajor Special Revenue Funds
\$378,949	\$6,217	\$57,428	\$15,598	\$2,193	\$26,073	\$700,158
0	0	11,402	6,619	189,842	343,299	601,258
0	0	0	0	0	0	13,011
<u>\$378,949</u>	<u>\$6,217</u>	<u>\$68,830</u>	<u>\$22,217</u>	<u>\$192,035</u>	<u>\$369,372</u>	<u>\$1,314,427</u>
\$0	\$0	\$6,064	\$0	\$0	\$171	\$17,774
64,346	0	47,821	52,867	58,162	33,176	292,873
44,485	5	8,495	17,710	14,415	7,435	109,883
0	0	438	0	0	254,750	305,284
0	0	20,000	0	0	0	20,000
0	0	11,402	6,619	189,842	289,028	496,891
<u>108,831</u>	<u>5</u>	<u>94,220</u>	<u>77,196</u>	<u>262,419</u>	<u>584,560</u>	<u>1,242,705</u>
13,763	0	8,376	2,897	10,322	55,942	104,590
<u>256,355</u>	<u>6,212</u>	<u>(33,766)</u>	<u>(57,876)</u>	<u>(80,706)</u>	<u>(271,130)</u>	<u>(32,868)</u>
<u>270,118</u>	<u>6,212</u>	<u>(25,390)</u>	<u>(54,979)</u>	<u>(70,384)</u>	<u>(215,188)</u>	<u>71,722</u>
<u>\$378,949</u>	<u>\$6,217</u>	<u>\$68,830</u>	<u>\$22,217</u>	<u>\$192,035</u>	<u>\$369,372</u>	<u>\$1,314,427</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, 2006*

	Food Service	Uniform School Supplies	Other Local Support	District Managed Activities
<b><u>Revenues:</u></b>				
Intergovernmental	\$444,030	\$0	\$17,784	\$0
Tuition and Fees	0	66,232	11,747	0
Extracurricular Activities		0	28,829	88,675
Charges for Services	350,560	0	0	0
Contributions and Donations	2,000	0	18,617	16,094
Miscellaneous	13,739	0	0	7,982
<i>Total Revenues</i>	<u>810,329</u>	<u>66,232</u>	<u>76,977</u>	<u>112,751</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	0	49,153	51,563	0
Special	0	0	0	6,300
<i>Support Services:</i>				
Pupil	0	3,812	3,767	0
Instructional Staff	0	0	10,204	0
Board of Education	0	0	720	0
Administration	0	0	4,057	0
Fiscal	0	0	0	0
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	823,439	0	0	0
Extracurricular Activities	0	0	0	110,126
<i>Total Expenditures</i>	<u>823,439</u>	<u>52,965</u>	<u>70,311</u>	<u>116,426</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(13,110)	13,267	6,666	(3,675)
<b><u>Other Financing Sources:</u></b>				
Transfers In	29,111	0	0	0
<i>Net Change in Fund Balances</i>	16,001	13,267	6,666	(3,675)
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>(49,017)</u>	<u>14,278</u>	<u>88,070</u>	<u>75,743</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u><u>(\$33,016)</u></u>	<u><u>\$27,545</u></u>	<u><u>\$94,736</u></u>	<u><u>\$72,068</u></u>



Poverty Based Aid	Ohio Reads	Other State Support	Title VI-B	Title I	Other Federal Support	Total Nonmajor Special Revenue Funds
\$1,330,247	\$36,652	\$122,750	\$512,283	\$459,253	\$293,535	\$3,216,534
0	0	0	0	0	0	77,979
0	0	0	0	0	0	117,504
0	0	0	0	0	0	350,560
0	0	0	0	0	0	36,711
0	0	0	0	0	0	21,721
<u>1,330,247</u>	<u>36,652</u>	<u>122,750</u>	<u>512,283</u>	<u>459,253</u>	<u>293,535</u>	<u>3,821,009</u>
701,501	29,527	125,114	0	0	348,476	1,305,334
0	0	0	445,527	433,691	1,412	886,930
49,267	0	31,718	43,090	5,041	129,821	266,516
309,361	1,627	54,258	92,846	23,590	57,525	549,411
0	0	0	0	0	0	720
0	0	393	0	55,769	53,541	113,760
0	0	141	0	0	0	141
0	0	750	0	0	0	750
0	0	5,430	0	0	1,805	7,235
0	0	0	0	0	36,961	36,961
0	0	42,043	0	0	0	42,043
0	0	0	0	0	0	823,439
0	0	0	0	0	0	110,126
<u>1,060,129</u>	<u>31,154</u>	<u>259,847</u>	<u>581,463</u>	<u>518,091</u>	<u>629,541</u>	<u>4,143,366</u>
270,118	5,498	(137,097)	(69,180)	(58,838)	(336,006)	(322,357)
0	0	0	0	31,523	23,503	84,137
270,118	5,498	(137,097)	(69,180)	(27,315)	(312,503)	(238,220)
0	714	111,707	14,201	(43,069)	97,315	309,942
<u>\$270,118</u>	<u>\$6,212</u>	<u>(\$25,390)</u>	<u>(\$54,979)</u>	<u>(\$70,384)</u>	<u>(\$215,188)</u>	<u>\$71,722</u>

**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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Taxes	\$11,850,000	\$14,109,929	\$14,109,929	\$0
Intergovernmental	8,675,500	8,348,474	8,348,474	0
Interest	150,000	299,086	299,086	0
Tuition and Fees	2,127,500	2,174,536	2,174,536	0
Rent	9,000	6,572	6,572	0
Payment in Lieu of Taxes	155,000	123,188	123,188	0
Miscellaneous	81,775	55,954	56,196	242
<b>Total Revenues</b>	<b>23,048,775</b>	<b>25,117,739</b>	<b>25,117,981</b>	<b>242</b>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
<i>Regular</i>				
Salaries	7,489,675	7,614,222	7,614,222	0
Fringe Benefits	2,544,463	2,855,360	2,855,360	0
Purchased Services	943,867	851,048	851,048	0
Materials and Supplies	133,716	135,350	135,350	0
Other	36	36	36	0
Capital Outlay	5,261	1,993	1,993	0
<b>Total Regular Instruction</b>	<b>11,117,018</b>	<b>11,458,009</b>	<b>11,458,009</b>	<b>0</b>
<i>Special</i>				
Salaries	1,825,517	1,854,406	1,854,406	0
Fringe Benefits	599,044	637,675	637,675	0
Purchased Services	3,288	18,635	18,634	1
Materials and Supplies	21,115	18,468	18,468	0
Capital Outlay	6,500	6,721	6,721	0
<b>Total Special Instruction</b>	<b>2,455,464</b>	<b>2,535,905</b>	<b>2,535,904</b>	<b>1</b>
<i>Vocational</i>				
Salaries	266,015	185,523	185,523	0
Fringe Benefits	81,404	61,158	61,158	0
Purchased Services	1,500	813	813	0
Materials and Supplies	25,955	35,706	35,706	0
Capital Outlay	12,001	8,227	8,228	(1)
<b>Total Vocational Instruction</b>	<b>386,875</b>	<b>291,427</b>	<b>291,428</b>	<b>(1)</b>
<i>Other</i>				
Fringe Benefits	8,011	10,221	10,221	0
<b>Total Other Instruction</b>	<b>8,011</b>	<b>10,221</b>	<b>10,221</b>	<b>0</b>
<b>Total Instruction</b>	<b>13,967,368</b>	<b>14,295,562</b>	<b>14,295,562</b>	<b>0</b>
<i>Support Services:</i>				
<i>Pupils</i>				
Salaries	675,243	722,469	722,469	0
Fringe Benefits	205,154	224,344	224,343	1
Purchased Services	49,389	50,426	50,426	0
Materials and Supplies	8,814	7,382	7,382	0
Other	80,000	79,404	79,404	0
<b>Total Pupils</b>	<b>1,018,600</b>	<b>1,084,025</b>	<b>1,084,024</b>	<b>1</b>

(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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Instructional Staff</b>				
Salaries	617,445	622,394	622,394	0
Fringe Benefits	411,074	430,232	430,232	0
Purchased Services	7,200	2,007	2,007	0
Materials and Supplies	13,892	9,553	9,553	0
Capital Outlay	3,856	6,279	6,279	0
<b>Total Instructional Staff</b>	<b>1,053,467</b>	<b>1,070,465</b>	<b>1,070,465</b>	<b>0</b>
<b>Board of Education</b>				
Salaries	8,647	12,250	12,250	0
Fringe Benefits	125	1,995	1,995	0
Purchased Services	126,000	76,817	76,817	0
Materials and Supplies	1,750	295	295	0
Other	38,200	12,730	12,729	1
<b>Total Board of Education</b>	<b>174,722</b>	<b>104,087</b>	<b>104,086</b>	<b>1</b>
<b>Administration</b>				
Salaries	1,144,708	1,134,613	1,134,613	0
Fringe Benefits	507,436	561,817	561,817	0
Purchased Services	24,700	17,919	17,919	0
Materials and Supplies	9,312	5,551	5,551	0
Other	46,500	656	656	0
Capital Outlay	4,508	2,010	2,010	0
<b>Total Administration</b>	<b>1,737,164</b>	<b>1,722,566</b>	<b>1,722,566</b>	<b>0</b>
<b>Fiscal</b>				
Salaries	254,367	255,845	255,845	0
Fringe Benefits	108,113	121,043	121,043	0
Purchased Services	33,250	39,439	39,439	0
Materials and Supplies	6,300	6,633	6,633	0
Other	296,000	374,304	374,304	0
Capital Outlay	8,401	5,065	5,065	0
<b>Total Fiscal</b>	<b>706,431</b>	<b>802,329</b>	<b>802,329</b>	<b>0</b>
<b>Business</b>				
Salaries	118,098	117,833	117,833	0
Fringe Benefits	44,603	46,463	46,463	0
Purchased Services	6,500	2,168	2,168	0
Materials and Supplies	1,919	1,506	1,506	0
Capital Outlay	0	405	405	0
<b>Total Business</b>	<b>171,120</b>	<b>168,375</b>	<b>168,375</b>	<b>0</b>
<b>Operation and Maintenance of Plant</b>				
Salaries	1,293,259	1,287,028	1,287,028	0
Fringe Benefits	558,161	634,558	634,558	0
Purchased Services	892,535	1,096,012	1,096,012	0
Materials and Supplies	402,500	327,830	327,830	0
<b>Total Operation and Maintenance of Plant</b>	<b>3,146,455</b>	<b>3,345,428</b>	<b>3,345,428</b>	<b>0</b>

(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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Pupil Transportation				
Salaries	669,492	634,673	634,673	0
Fringe Benefits	528,228	569,272	569,272	0
Purchased Services	8,170	4,923	4,923	0
Materials and Supplies	302,800	387,165	387,165	0
Other	40,000	0	0	0
Capital Outlay	27,000	78,714	78,714	0
Total Pupil Transportation	<u>1,575,690</u>	<u>1,674,747</u>	<u>1,674,747</u>	<u>0</u>
Central				
Salaries	49,925	62,408	62,408	0
Fringe Benefits	24,746	27,962	27,962	0
Purchased Services	41,200	56,288	56,288	0
Materials and Supplies	2,500	1,283	1,283	0
Capital Outlay	5,100	5,127	5,127	0
Total Central	<u>123,471</u>	<u>153,068</u>	<u>153,068</u>	<u>0</u>
Total Support Services	<u>9,707,120</u>	<u>10,125,090</u>	<u>10,125,088</u>	<u>2</u>
<i>Operation of Non-Instructional Services:</i>				
Food Service Operations				
Salaries	160	200	200	0
Fringe Benefits	12	3	3	0
Total Food Service Operations	<u>172</u>	<u>203</u>	<u>203</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>172</u>	<u>203</u>	<u>203</u>	<u>0</u>
<i>Extracurricular Activities:</i>				
Academic Oriented Activities				
Salaries	78,377	78,378	78,378	0
Fringe Benefits	16,879	16,913	16,913	0
Total Academic Oriented Activities	<u>95,256</u>	<u>95,291</u>	<u>95,291</u>	<u>0</u>
Sport Oriented Activities				
Salaries	204,990	206,478	206,478	0
Fringe Benefits	49,216	49,129	49,129	0
Purchased Services	12,000	18,000	18,000	0
Total Sport Oriented Activities	<u>266,206</u>	<u>273,607</u>	<u>273,607</u>	<u>0</u>
Total Extracurricular Activities	<u>361,462</u>	<u>368,898</u>	<u>368,898</u>	<u>0</u>
Total Expenditures	<u>24,036,122</u>	<u>24,789,753</u>	<u>24,789,751</u>	<u>2</u>
Excess of Revenues Over (Under) Expenditures	(987,347)	327,986	328,230	244
<b><u>Other Financing Sources (Uses):</u></b>				
Advances In	108,384	108,384	108,384	0
Transfers Out	(25,000)	(84,137)	(84,137)	0
Advances Out	(70,000)	(50,096)	(50,096)	0
Total Other Financing Sources (Uses)	<u>13,384</u>	<u>(25,849)</u>	<u>(25,849)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(973,963)	302,137	302,381	244
Fund Balance at Beginning of Year	4,031,577	4,031,577	4,031,577	0
Prior Year Encumbrances Appropriated	<u>200,074</u>	<u>200,074</u>	<u>200,074</u>	<u>0</u>
Fund Balance at End of Year	<u>\$3,257,688</u>	<u>\$4,533,788</u>	<u>\$4,534,032</u>	<u>\$244</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b><u>Revenues:</u></b>				
Taxes	\$1,225,000	\$1,488,237	\$1,488,237	\$0
Intergovernmental	220,000	162,280	162,280	0
<i>Total Revenues</i>	1,445,000	1,650,517	1,650,517	0
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Support Services:</i>				
Fiscal				
Other	40,000	34,395	34,395	0
<i>Debt Service:</i>				
Principal Retirement	2,185,000	2,285,000	2,285,000	0
Interest and Fiscal Charges	918,530	730,168	730,168	0
<i>Total Expenditures</i>	3,143,530	3,049,563	3,049,563	0
Excess of Revenues Over (Under) Expenditures	(1,698,530)	(1,399,046)	(1,399,046)	0
Fund Balance at Beginning of Year	3,268,767	3,268,767	3,268,767	0
Fund Balance at End of Year	\$1,570,237	\$1,869,721	\$1,869,721	\$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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Taxes	\$920,000	\$971,064	\$971,064	\$0
Intergovernmental	105,000	96,152	96,152	0
Interest	35,000	63,590	63,590	0
Miscellaneous	0	6,675	6,675	0
<b>Total Revenues</b>	1,060,000	1,137,481	1,137,481	0
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Materials and Supplies	167,974	267,919	267,919	0
Capital Outlay	223,434	272,076	272,075	1
<b>Total Regular</b>	391,408	539,995	539,994	1
<b>Total Instruction</b>	391,408	539,995	539,994	1
<i>Support Services:</i>				
<i>Instructional Staff</i>				
Purchased Services	20,000	0	0	0
Materials and Supplies	14,173	12,660	12,660	0
Capital Outlay	5,084	301	301	0
<b>Total Instructional Staff</b>	39,257	12,961	12,961	0
<i>Administration</i>				
Capital Outlay	5,000	1,790	1,790	0
<i>Fiscal</i>				
Purchased Services	2,200	3,500	3,500	0
Other	22,500	23,605	23,605	0
Capital Outlay	11,000	0	0	0
<b>Total Fiscal</b>	35,700	27,105	27,105	0
<i>Operation and Maintenance of Plant</i>				
Purchased Services	118,340	321,519	321,519	0
Materials and Supplies	0	26,459	26,459	0
Capital Outlay	59,306	123,708	123,708	0
<b>Total Operational Maintenance of Plant</b>	177,646	471,686	471,686	0
<i>Pupil Transportation</i>				
Purchased Services	3,000	1,380	1,380	
Capital Outlay	5,000	996	996	
Capital Outlay Replacement	150,000	101,262	101,262	0
<b>Total Pupil Transportation</b>	158,000	103,638	103,638	0
<b>Total Support Services</b>	415,603	617,180	617,180	0
<i>Operation of Non-Instructional Services</i>				
<i>Food Service Operation</i>				
Capital Outlay	6,091	12,913	12,912	1
<b>Total Operation of Non-Instructional Services</b>	6,091	12,913	12,912	1

**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Extracurricular Activities:</i>				
Academic Oriented Activities				
Purchased Services	6,410	6,410	6,410	0
Total Academic Oriented Activities	6,410	6,410	6,410	0
Sport Oriented Activities				
Purchased Services	7,500	6,000	6,000	0
Total Extracurricular Activities	13,910	12,410	12,410	0
<i>Capital Outlay:</i>				
Site Improvement Services				
Purchased Services	50,000	40,354	40,354	0
Architecture and Engineering Services				
Purchased Services	15,000	28	28	0
Building Acquisition and Construction Services				
Capital Outlay	96,000	94,998	94,998	0
Building Improvement Services				
Capital Outlay	40,030	32,763	32,763	0
Total Capital Outlay	201,030	168,143	168,143	0
Total Expenditures	1,028,042	1,350,641	1,350,639	2
Excess of Revenues Over (Under) Expenditures	31,958	(213,160)	(213,158)	2
Fund Balance at Beginning of Year	3,469,950	3,469,950	3,469,950	0
Prior Year Encumbrances Appropriated	65,356	65,356	65,356	0
Fund Balance at End of Year	\$3,567,264	\$3,322,146	\$3,322,148	\$2

**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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues:</u></b>				
Intergovernmental	\$392,500	\$467,949	\$467,949	\$0
Gifts and Donations	0	2,000	2,000	0
Charges for Services	386,917	350,560	350,560	0
Miscellaneous	4,150	13,739	13,739	0
<i>Total Revenues</i>	<u>783,567</u>	<u>834,248</u>	<u>834,248</u>	<u>0</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Operation of Non-Instructional Services:</i>				
Food Service				
Salaries	261,410	255,206	255,206	0
Fringe Benefits	185,014	217,767	210,885	6,882
Purchased Services	9,400	6,144	6,144	0
Materials and Supplies	312,009	332,235	332,235	0
Other	0	58	58	0
Capital Outlay	0	8,156	8,156	0
<i>Total Expenditures</i>	<u>767,833</u>	<u>819,566</u>	<u>812,684</u>	<u>6,882</u>
Excess of Revenues Over (Under) Expenditures	15,734	14,682	21,564	6,882
<b><u>Other Financing Sources (Uses):</u></b>				
Advances In	65,000	50,096	50,096	0
Transfers In	25,000	29,111	29,111	0
Advances Out	(108,384)	(108,384)	(108,384)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(18,384)</u>	<u>(29,177)</u>	<u>(29,177)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,650)	(14,495)	(7,613)	6,882
Fund Balance at Beginning of Year	3,453	3,453	3,453	0
Prior Year Encumbrances Appropriated	<u>4,159</u>	<u>4,159</u>	<u>4,159</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$4,962</u></u>	<u><u>(\$6,883)</u></u>	<u><u>(\$1)</u></u>	<u><u>\$6,882</u></u>



**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Tuition and Fees	\$63,878	\$66,252	\$66,252	\$0
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
<i>Regular</i>				
Materials and Supplies	74,026	63,240	63,242	(2)
Other	0	1,070	1,070	0
Total Regular	74,026	64,310	64,312	(2)
<i>Support Services:</i>				
<i>Pupils</i>				
Materials and Supplies	178	3,793	3,793	0
Total Expenditures	74,204	68,103	68,105	(2)
Excess of Revenues Over (Under) Expenditures	(10,326)	(1,851)	(1,853)	(2)
Fund Balance at Beginning of Year	22,325	22,325	22,325	0
Prior Year Encumbrances Appropriated	5,415	5,415	5,415	0
Fund Balance at End of Year	\$17,414	\$25,889	\$25,887	(\$2)

**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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Intergovernmental	\$809	\$17,784	\$17,784	\$0
Tuition and Fees	13,500	11,179	11,179	0
Extracurricular Activities	0	28,829	28,829	0
Gifts and Donations	0	18,617	18,617	0
<i>Total Revenues</i>	<u>14,309</u>	<u>76,409</u>	<u>76,409</u>	<u>0</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Fringe Benefits	95	0	0	0
Purchased Services	8,900	8,173	8,173	0
Materials and Supplies	21,736	33,379	33,380	(1)
Other	5,952	5,762	5,762	0
Capital Outlay	19,740	5,434	5,434	0
Total Regular Instruction	<u>56,423</u>	<u>52,748</u>	<u>52,749</u>	<u>(1)</u>
<i>Support Services:</i>				
Instructional Staff				
Salaries	4,053	3,317	3,317	0
Fringe Benefits	3,425	5,079	5,079	0
Purchased Services	0	1,050	1,050	0
Materials and Supplies	710	668	668	0
Total Instructional Staff	<u>8,188</u>	<u>10,114</u>	<u>10,114</u>	<u>0</u>
Administration				
Materials and Supplies	5,625	3,882	3,882	0
Capital Outlay	4,000	175	175	0
Total Administration	<u>9,625</u>	<u>4,057</u>	<u>4,057</u>	<u>0</u>
Total Support Services	<u>17,813</u>	<u>14,171</u>	<u>14,171</u>	<u>0</u>
<i>Total Expenditures</i>	<u>74,236</u>	<u>66,919</u>	<u>66,920</u>	<u>(1)</u>
Excess of Revenues Over (Under) Expenditures	(59,927)	9,490	9,489	1
Fund Balance at Beginning of Year	82,501	82,501	82,501	0
Prior Year Encumbrances Appropriated	<u>10,535</u>	<u>10,535</u>	<u>10,535</u>	<u>0</u>
Fund Balance at End of Year	<u>\$33,109</u>	<u>\$102,526</u>	<u>\$102,525</u>	<u>\$1</u>

**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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Extracurricular Activities	\$77,300	\$88,675	\$88,675	\$0
Gifts and Donations	15,440	16,094	16,094	0
Miscellaneous	7,011	7,982	7,982	0
<i>Total Revenues</i>	<u>99,751</u>	<u>112,751</u>	<u>112,751</u>	<u>0</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
<i>Special</i>				
Purchased Services	0	6,300	6,300	0
 <i>Extracurricular Activities:</i>				
<i>Academic Oriented Activities</i>				
Salaries	120	423	423	0
Fringe Benefits	0	59	59	0
Purchased Services	5,950	6,881	6,881	0
Materials and Supplies	7,300	6,066	6,066	0
Other	350	0	0	0
Capital Outlay	8,400	3,812	3,812	0
<i>Total Academic Oriented Extracurricular Activities</i>	<u>22,120</u>	<u>17,241</u>	<u>17,241</u>	<u>0</u>
 <i>Sport Oriented Activities</i>				
Purchased Services	60,500	47,120	47,121	(1)
Materials and Supplies	68,705	39,172	39,172	0
Other	6,650	6,315	6,315	0
Capital Outlay	16,825	1,636	1,636	0
<i>Total Sport Oriented Extracurricular Activities</i>	<u>152,680</u>	<u>94,243</u>	<u>94,244</u>	<u>(1)</u>
<i>Total Extracurricular Activities</i>	<u>174,800</u>	<u>111,484</u>	<u>111,485</u>	<u>(1)</u>
<i>Total Expenditures</i>	<u>174,800</u>	<u>117,784</u>	<u>117,785</u>	<u>(1)</u>
 Excess of Revenues Over (Under) Expenditures	 (75,049)	 (5,033)	 (5,034)	 (1)
 Fund Balance at Beginning of Year	 75,148	 75,148	 75,148	 0
 Prior Year Encumbrances Appropriated	 825	 825	 825	 0
 Fund Balance at End of Year	 <u>\$924</u>	 <u>\$70,940</u>	 <u>\$70,939</u>	 <u>(\$1)</u>

**ATHENS CITY SCHOOL DISTRICT**  
*Schedule of Revenues, Expenditures, and*  
*Changes in Fund Balance - Budget and Actual (Budget Basis)*  
*Poverty Based Aid Special Revenue Fund*  
*For the Fiscal Year Ended June 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Intergovernmental	\$0	\$1,368,420	\$1,330,247	(\$38,173)
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	0	482,563	482,563	0
Fringe Benefits	0	163,284	163,284	0
Total Regular Instruction	0	645,847	645,847	0
<i>Support Services:</i>				
Pupils				0
Salaries	0	24,440	24,440	0
Fringe Benefits	0	21,663	21,663	0
Total Pupils	0	46,103	46,103	0
Instructional Staff				
Salaries	0	147,443	147,443	0
Fringe Benefits	0	125,668	125,668	0
Total Instructional Staff	0	273,111	273,111	0
Total Support Services	0	319,214	319,214	0
<i>Total Expenditures</i>	0	965,061	965,061	0
Excess of Revenues Over (Under) Expenditures	0	403,359	365,186	(38,173)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$0	\$403,359	\$365,186	(\$38,173)

**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Intergovernmental	\$8,650	\$36,652	\$36,652	\$0
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	7,900	8,007	5,340	2,667
Fringe Benefits	923	1,148	189	959
Purchased Services	3,117	4,053	3,702	351
Materials and Supplies	18,959	19,156	18,455	701
Other	2,200	2,000	2,004	(4)
Total Regular Instruction	33,099	34,364	29,690	4,674
<i>Support Services:</i>				
Instructional Staff				
Salaries	0	255	0	255
Fringe Benefits	0	33	0	33
Purchased Services	15	420	15	405
Materials and Supplies	1,771	1,813	1,707	106
Total Instructional Staff	1,786	2,521	1,722	799
Administration				
Purchased Services	0	1	0	1
Total Support Services	1,786	2,522	1,722	800
<i>Total Expenditures</i>	34,885	36,886	31,412	5,474
Excess of Revenues Over (Under) Expenditures	(26,235)	(234)	5,240	5,474
Fund Balance at Beginning of Year	(4,883)	(4,883)	(4,883)	0
Prior Year Encumbrances Appropriated	5,862	5,862	5,862	0
Fund Balance at End of Year	(\$25,256)	\$745	\$6,219	\$5,474

**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Intergovernmental	\$50,250	\$82,345	\$73,526	(\$8,819)
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	67,566	77,462	63,007	14,455
Fringe Benefits	32,322	37,056	40,787	(3,731)
Purchased Services	6,324	7,250	7,251	(1)
Capital Outlay	13,349	15,305	15,305	0
Total Regular Instruction	119,561	137,073	126,350	10,723
<i>Support Services:</i>				
Pupils				
Materials and Supplies	80	72	72	0
Instructional Staff				
Salaries	37,931	43,487	37,844	5,643
Fringe Benefits	31,465	36,075	35,220	855
Materials and Supplies	2,374	2,721	2,721	0
Total Instructional Staff	71,770	82,283	75,785	6,498
Administration				
Salaries	290	340	340	0
Fringe Benefits	53	53	53	0
Total Administration	343	393	393	0
Fiscal				
Materials and Supplies	141	141	141	0
Operation and Maintenance of Plant				
Purchased Services	4,736	5,430	5,430	0
Central				
Purchased Services	27,441	31,500	31,500	0
Total Support Services	104,511	119,819	113,321	6,498
<b>Total Expenditures</b>	<b>224,072</b>	<b>256,892</b>	<b>239,671</b>	<b>17,221</b>
Excess of Revenues Over (Under) Expenditures	(173,822)	(174,547)	(166,145)	(8,402)
Fund Balance at Beginning of Year	208,143	208,143	208,143	0
Prior Year Encumbrances Appropriated	42,540	42,540	42,540	0
Fund Balance at End of Year	\$76,861	\$76,136	\$84,538	(\$8,402)

**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Intergovernmental	\$744,587	\$744,587	\$579,595	(\$164,992)
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
<i>Special</i>				
Salaries	328,994	328,808	256,628	72,180
Fringe Benefits	123,566	123,219	111,433	11,786
Purchased Services	118,128	118,327	78,366	39,961
Capital Outlay	189	174	189	(15)
Total Special Instruction	570,877	570,528	446,616	123,912
<i>Support Services:</i>				
<i>Pupils</i>				
Salaries	38,133	38,924	34,885	4,039
Fringe Benefits	15,985	15,538	8,346	7,192
Materials and Supplies	15	15	15	0
Total Pupils	54,133	54,477	43,246	11,231
<i>Instructional Staff</i>				
Salaries	78,929	78,876	45,988	32,888
Fringe Benefits	43,636	43,617	37,936	5,681
Total Instructional Staff	122,565	122,493	83,924	38,569
<i>Total Expenditures</i>	747,575	747,498	573,786	173,712
Excess of Revenues Over (Under) Expenditures	(2,988)	(2,911)	5,809	8,720
Fund Balance at Beginning of Year	(978)	(978)	(978)	0
Prior Year Encumbrances Appropriated	3,889	3,889	3,889	0
Fund Balance at End of Year	(\$77)	\$0	\$8,720	\$8,720

**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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Intergovernmental	\$542,289	\$573,812	\$528,275	(\$45,537)
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Special				
Salaries	355,094	353,338	331,227	22,111
Fringe Benefits	129,338	127,393	123,014	4,379
Total Special Instruction	484,432	480,731	454,241	26,490
<i>Support Services:</i>				
Pupils				
Purchased Services	6,393	5,066	5,041	25
Instructional Staff				
Salaries	19,126	18,729	15,887	2,842
Fringe Benefits	8,729	7,987	6,531	1,456
Total Instructional Staff	27,855	26,716	22,418	4,298
Administration				
Salaries	47,487	43,877	45,299	(1,422)
Fringe Benefits	12,306	12,112	12,567	(455)
Total Administration	59,793	55,989	57,866	(1,877)
Total Support Services	94,041	87,771	85,325	2,446
<i>Total Expenditures</i>	578,473	568,502	539,566	28,936
Excess of Revenues Over (Under) Expenditures	(36,184)	5,310	(11,291)	(16,601)
<b><u>Other Financing Sources:</u></b>				
Transfers In	31,523	31,523	31,523	0
Excess of Revenue and Other Financing Sources (Under) Over Expenditures	(4,661)	36,833	20,232	(16,601)
Fund Balance at Beginning of Year	(35,960)	(35,960)	(35,960)	0
Prior Year Encumbrances Appropriated	7,600	7,600	7,600	0
Fund Balance at End of Year	(\$33,021)	\$8,473	(\$8,128)	(\$16,601)



**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Intergovernmental	\$602,928	\$628,430	\$275,505	(\$352,925)
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular				
Salaries	172,850	174,291	156,317	17,974
Fringe Benefits	54,089	54,540	57,680	(3,140)
Purchased Services	165,740	167,122	167,122	0
Materials and Supplies	3,697	3,729	244	3,485
Total Regular Instruction	396,376	399,682	381,363	18,319
Special				
Fringe Benefits	0	0	3,441	(3,441)
Capital Outlay	4,247	4,087	1,514	2,573
Total Special	4,247	4,087	4,955	(868)
Total Instruction	400,623	403,769	386,318	17,451
<i>Support Services:</i>				
Pupils				
Salaries	1,207	1,217	1,217	0
Fringe Benefits	0	0	170	(170)
Purchased Services	130,846	131,969	131,969	0
Materials and Supplies	2,082	2,100	2,100	0
Total Pupils	134,135	135,286	135,456	(170)
Instructional Staff				
Salaries	26,529	26,757	28,865	(2,108)
Fringe Benefits	15,359	15,491	13,851	1,640
Purchased Services	13,036	13,148	8,611	4,537
Materials and Supplies	4,533	4,571	3,540	1,031
Total Instructional Staff	59,457	59,967	54,867	5,100
Administration				
Purchased Services	65,239	65,800	65,800	0
Materials and Supplies	744	750	750	0
Total Administration	65,983	66,550	66,550	0
Operation and Maintenance of Plant				
Purchased Services	0	2,250	2,250	0
Pupil Transportation				
Purchased Services	47,617	46,069	46,069	0
Total Support Services	47,617	46,069	46,069	0
<i>Total Expenditures</i>	707,815	713,891	691,510	22,381
Excess of Revenues Over (Under) Expenditures	(104,887)	(85,461)	(416,005)	(330,544)

**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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Other Financing Sources:</u></b>				
Transfers In	23,503	23,503	23,503	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(81,384)	(61,958)	(392,502)	(330,544)
Fund Balance at Beginning of Year	(5,246)	(5,246)	(5,246)	0
Prior Year Encumbrances Appropriated	105,889	105,889	105,889	0
Fund Balance at End of Year	<u>\$19,259</u>	<u>\$38,685</u>	<u>(\$291,859)</u>	<u>(\$330,544)</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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Interest	\$0	\$2,062	\$2,062	\$0
<b><u>Expenditures:</u></b>				
<i>Capital Outlay:</i>				
Building Improvement Services				
Capital Outlay	<u>0</u>	<u>19,012</u>	<u>19,012</u>	<u>0</u>
<i>Total Expenditures</i>	<u>0</u>	<u>19,012</u>	<u>19,012</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	0	(16,950)	(16,950)	0
Fund Balance at Beginning of Year	<u>49,707</u>	<u>49,707</u>	<u>49,707</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$49,707</u></u>	<u><u>\$32,757</u></u>	<u><u>\$32,757</u></u>	<u><u>\$0</u></u>

**ATHENS CITY SCHOOL DISTRICT**  
**Description of Funds**

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**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.

**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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Charges for Services	\$3,650,000	\$4,477,199	\$4,477,199	\$0
<i>Total Revenues</i>	3,650,000	4,477,199	4,477,199	0
<b><u>Expenses:</u></b>				
Operating Expenses				
Fringe Benefits	10,609	0	0	0
Purchased Services	4,400	7,032	7,032	0
Claims	4,250,000	4,078,872	4,078,872	0
Other	6,500	2,881	2,881	0
<i>Total Expenses</i>	4,271,509	4,088,785	4,088,785	0
Operating Income (Loss)	(621,509)	388,414	388,414	0
<b><u>Non-Operating Revenues:</u></b>				
Interest	32,000	66,521	70,115	3,594
<i>Total Non-Operating Revenues</i>	32,000	66,521	70,115	(3,594)
Excess of Revenues Over (Under) Expenses	(589,509)	454,935	458,529	3,594
Fund Equity at Beginning of Year	3,658,610	3,658,610	3,658,610	0
Prior Year Encumbrances Appropriated	2,200	2,200	2,200	0
Fund Equity at End of Year	\$3,071,301	\$4,115,745	\$4,119,339	\$3,594

**ATHENS CITY SCHOOL DISTRICT**  
**Description of Funds**

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***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**  
*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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Miscellaneous	\$0	\$8,241	\$8,241	\$0
<i>Total Revenues</i>	0	8,241	8,241	0
<b><i>Expenditures</i></b>	0	0	0	0
Excess of Revenues Over (Under) Expenditures	0	8,241	8,241	0
Fund Balance at Beginning of Year	31,318	31,318	31,318	0
Fund Balance at End of Year	\$31,318	\$39,559	\$39,559	\$0

**ATHENS CITY SCHOOL DISTRICT**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Fiscal Year Ended June 30, 2006*

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	Student Activity	Additions	Deductions	Total
<b><u>Assets:</u></b>				
Equity Pooled in Cash and Cash Equivalents	\$54,971	\$120,278	\$110,010	\$65,239
<b><u>Liabilities:</u></b>				
Due to Students	\$54,971	\$120,278	\$110,010	\$65,239



# Statistical Section

This part of the School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	<b>91-96</b>
<b>Revenue Capacity</b>	
These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax (and the income tax).	<b>97-105</b>
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	<b>106-109</b>
<b>Economic and Demographic Information</b>	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	<b>110-111</b>
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	<b>112-115</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that fiscal year.

***ATHENS CITY SCHOOL DISTRICT***

*Net Assets by Component*

*Last Five Fiscal Years*

*June 30, 2006*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Invested in Capital Assets, Net of Related Debt	\$8,409,636	\$7,324,505	\$6,553,026	\$5,156,884	\$7,101,713
Restricted for:					
Capital Projects	3,743,476	3,495,507	3,640,336	3,634,799	3,439,769
Debt Service	2,195,489	2,432,745	3,749,539	3,049,491	2,076,548
Other Purposes	526,828	610,453	571,302	723,608	663,460
Unrestricted (Deficit)	<u>7,271,101</u>	<u>5,725,156</u>	<u>4,569,634</u>	<u>4,906,623</u>	<u>4,888,125</u>
<b>Total Net Assets</b>	<u><u>\$22,146,530</u></u>	<u><u>\$19,588,366</u></u>	<u><u>\$19,083,837</u></u>	<u><u>\$17,471,405</u></u>	<u><u>\$18,169,615</u></u>

**ATHENS CITY SCHOOL DISTRICT**  
*Changes in Net Assets of Governmental Activities*  
*Last Five Fiscal Years*  
*June 30, 2006*

	2002	2003	2004	2005	2006
<b>Expenses</b>					
Regular Instruction	\$11,572,314	\$13,358,975	\$13,564,316	\$13,662,796	\$14,178,578
Special Instruction	2,957,157	3,293,884	3,344,419	3,540,251	3,393,969
Vocational Instruction	344,768	404,661	401,449	399,059	256,282
Other Instruction	0	0	0	7,068	10,221
Pupil Support	1,032,824	1,119,257	1,160,088	1,486,340	1,315,904
Instructional Staff Support	1,095,832	1,349,741	1,437,682	1,537,961	1,635,083
Board of Education	116,184	101,298	120,421	102,567	116,190
Administration	1,489,063	1,596,823	1,817,458	1,877,535	1,841,002
Fiscal	695,109	697,172	717,844	743,760	909,318
Business	137,296	147,822	161,459	157,231	166,720
Operation and Maintenance of Plant	3,154,576	3,488,661	3,319,257	3,062,608	3,756,393
Pupil Transportation	1,483,104	1,719,696	1,719,827	1,898,101	1,722,528
Central	141,277	155,459	137,756	160,082	195,915
Operation of Food Services	919,570	775,953	786,109	794,515	834,670
Other Non-Instructional Services	483,935	86,389	2,284	1,834	13,077
Extracurricular Activities	422,720	440,005	459,851	455,234	500,172
Interest and Fiscal Charges	1,393,441	1,376,510	1,417,716	2,282,367	625,872
<i>Total Expenses</i>	<u>27,439,170</u>	<u>30,112,306</u>	<u>30,567,936</u>	<u>32,169,309</u>	<u>31,471,894</u>
<b>Program Revenues</b>					
Charges for Services					
Regular Instruction	\$69,568	\$60,693	\$66,599	\$96,889	\$2,269,227
Special Instruction	174,290	141,015	1,965,444	2,042,278	0
Pupil Support	0	0	0	0	57
Instructional Staff Support	0	0	0	6,178	8,059
Administration Support	0	0	0	2,058	4,001
Pupil Transportation	9,200	12,915	0	0	0
Operation of Food Service	292,962	290,035	319,825	315,983	350,560
Extracurricular Activities	73,075	97,664	87,401	100,120	88,675
Operating Grants and Contributions					
Regular Instruction	143,241	199,718	2,308,489	960,597	215,458
Special Instruction	565,705	590,832	1,343,634	1,841,012	1,443,815
Vocational Instruction	0	0	0	38,639	38,995
Pupil Support	0	0	119,363	575,623	53,537
Instructional Staff Support	63,892	57,579	8,722	405,881	57,415
Administration	99,830	0	190,181	67,209	50,428
Fiscal	0	65,647	0	2,958	0
Operation and Maintenance of Plant	0	0	167,108	0	0
Pupil Transportation	0	0	629,950	629,863	670,745
Central	35,392	35,386	41,263	44,328	35,163
Operation of Food Service	287,411	348,626	381,511	426,992	446,030
Extracurricular Activities	4,160	1,702	393	12,940	16,094
Capital Grants and Contributions					
Regular Instruction	9,000	42,384	0	81,624	0
Vocational Instruction	0	44,408	0	0	0
Operation and Maintenance of Plant	0	0	0	21,281	0
Pupil Transportation	0	0	0	26,602	0
<i>Total Program Revenues</i>	<u>1,827,726</u>	<u>1,988,604</u>	<u>7,629,883</u>	<u>7,699,055</u>	<u>5,748,259</u>
Net Expense	<u>(\$25,611,444)</u>	<u>(\$28,123,702)</u>	<u>(\$22,938,053)</u>	<u>(\$24,470,254)</u>	<u>(\$25,723,635)</u>

(continued)

**ATHENS CITY SCHOOL DISTRICT**  
*Changes in Net Assets of Governmental Activities (continued)*  
*Last Five Fiscal Years*  
*June 30, 2006*

	2002	2003	2004	2005	2006
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes	\$9,798,612	\$9,912,789	\$10,490,268	\$12,036,724	\$14,127,682
Debt Service	1,949,691	2,126,839	2,373,389	1,778,189	1,443,662
Capital Outlay	827,863	900,739	952,625	909,036	963,223
Grants and Entitlements not					
Restricted to Specific Programs	10,606,940	10,136,396	8,292,211	7,619,010	8,775,371
Payments in Lieu of Taxes	0	0	19,629	153,841	123,188
Gain on Sale of Capital Assets	14,896	30,800	0	0	0
Tuition and Fees	1,460,118	1,602,753	0	0	0
Unrestricted Contributions	6,102	9,676	4,491	0	0
Investment Earnings	331,695	712,396	195,455	237,517	423,812
Miscellaneous	179,594	133,150	106,456	123,505	63,054
<b>Total General Revenues</b>	<b>25,175,511</b>	<b>25,565,538</b>	<b>22,434,524</b>	<b>22,857,822</b>	<b>25,919,992</b>
Extraordinary Item					
Stock Received from Demutualization	7,528,879	0	0	0	0
<b>Change in Net Assets</b>	<b>\$7,092,946</b>	<b>(\$2,558,164)</b>	<b>(\$503,529)</b>	<b>(\$1,612,432)</b>	<b>\$196,357</b>

Note: The extraordinary item during fiscal year 2002 is the result of the sale of Anthem Insurance Company stock. The Company converted from a mutual insurance company to a stock insurance company, and as a policy holder the District was entitled to receive Anthem stock as compensation which was in turn sold for the revenue recorded by the District

**ATHENS CITY SCHOOL DISTRICT**

*Fund Balances, Governmental Funds*

*Last Ten Fiscal Years*

*June 30, 2006*

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund										
Reserved	\$374,449	\$822,946	\$1,070,338	\$799,129	\$872,361	\$872,806	\$746,596	\$741,014	\$723,265	\$548,472
Unreserved	<u>127,631</u>	<u>362,118</u>	<u>(23,261)</u>	<u>1,230,842</u>	<u>1,851,436</u>	<u>2,061,070</u>	<u>1,450,522</u>	<u>2,145,784</u>	<u>1,414,789</u>	<u>1,811,035</u>
<i>Total General Fund</i>	<u>502,080</u>	<u>1,185,064</u>	<u>1,047,077</u>	<u>2,029,971</u>	<u>2,723,797</u>	<u>2,933,876</u>	<u>2,197,118</u>	<u>2,886,798</u>	<u>2,138,054</u>	<u>2,359,507</u>
All Other Governmental Funds										
Reserved	475,769	294,353	272,502	1,833,622	3,888,332	986,290	426,708	639,481	310,220	202,777
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	163,062	229,766	349,204	331,690	638,981	522,921	591,004	137,146	148,680	(32,868)
Debt Service Funds	139,833	424,496	681,493	1,638,676	1,567,837	2,049,083	2,638,685	3,561,264	3,268,766	1,869,720
Capital Projects Funds	<u>66,925</u>	<u>366,108</u>	<u>400,222</u>	<u>13,919,617</u>	<u>2,077,519</u>	<u>2,921,291</u>	<u>3,207,265</u>	<u>3,172,261</u>	<u>3,519,659</u>	<u>3,335,944</u>
<i>Total All Other Governmental Funds</i>	<u>845,589</u>	<u>1,314,723</u>	<u>1,703,421</u>	<u>17,723,605</u>	<u>8,172,669</u>	<u>6,479,585</u>	<u>6,863,662</u>	<u>7,510,152</u>	<u>7,247,325</u>	<u>5,375,573</u>
<i>Total Governmental Funds</i>	<u>\$1,347,669</u>	<u>\$2,499,787</u>	<u>\$2,750,498</u>	<u>\$19,753,576</u>	<u>\$10,896,466</u>	<u>\$9,413,461</u>	<u>\$9,060,780</u>	<u>\$10,396,950</u>	<u>\$9,385,379</u>	<u>\$7,735,080</u>

**ATHENS CITY SCHOOL DISTRICT**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Fiscal Years*  
*June 30, 2006*

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues</b>										
Taxes	\$9,949,132	\$10,548,207	\$10,331,646	\$11,477,352	\$12,284,150	\$12,568,005	\$12,844,780	\$13,743,291	\$14,575,215	\$16,407,865
Intergovernmental	10,111,081	10,345,991	10,655,851	9,996,725	11,800,676	12,305,056	11,400,721	13,104,365	12,510,583	11,823,440
Interest	101,505	184,085	200,068	868,367	1,415,796	331,695	397,426	184,687	201,111	364,738
Tuition and Fees	92,327	16,053	273,082	873,132	1,037,603	1,701,216	1,816,751	2,032,043	2,120,912	2,252,515
Extracurricular Activities	85,902	116,568	141,626	129,924	121,089	113,665	123,742	116,288	126,611	117,504
Contributions and Donations	146,914	11,487	14,314	17,189	15,240	30,262	21,378	22,784	42,051	36,711
Charges for Services	0	0	0	0	0	292,962	290,035	319,825	315,983	350,560
Rentals	11,190	13,077	17,285	7,585	3,588	11,105	11,590	12,888	8,914	6,572
Payments in Lieu of Taxes	0	0	0	0	0	0	0	19,629	153,841	123,188
Miscellaneous	88,767	161,319	84,928	161,581	147,810	139,859	106,221	64,682	114,591	56,482
<i>Total Revenues</i>	<i>20,586,818</i>	<i>21,396,787</i>	<i>21,718,800</i>	<i>23,531,855</i>	<i>26,825,952</i>	<i>27,493,825</i>	<i>27,012,644</i>	<i>29,620,482</i>	<i>30,169,812</i>	<i>31,539,575</i>
<b>Expenditures</b>										
Current:										
Instruction:										
Regular	7,839,459	8,435,417	8,912,257	8,614,364	9,806,160	10,651,944	10,769,274	11,218,814	12,700,867	13,212,771
Special	2,368,432	2,406,981	2,708,434	2,621,727	3,230,941	2,953,117	3,048,914	3,042,025	3,536,609	3,415,176
Vocational	343,767	314,950	325,737	313,166	358,621	343,891	381,196	367,322	381,780	274,446
Other	32,524	49,489	20,171	13,103	1,702	0	0	0	7,068	10,221
Support Services:										
Pupil	764,657	834,371	1,014,860	885,572	1,027,245	1,032,612	1,058,231	1,071,610	1,454,743	1,328,110
Instructional Staff	781,933	730,490	638,561	626,901	861,034	1,000,600	1,147,170	1,313,184	1,541,978	1,621,563
Board of Education	42,488	94,820	67,657	51,116	97,760	116,622	100,901	120,422	101,844	115,304
Administration	1,222,540	1,381,106	1,554,968	1,318,456	1,502,434	1,497,980	1,446,894	1,672,606	1,797,209	1,851,320
Fiscal	482,163	510,198	557,871	560,218	616,589	657,001	640,797	687,824	755,936	872,955
Business	0	0	876	105,617	110,840	138,004	142,610	148,554	163,604	168,877
Operation and Maintenance of Plant	2,067,998	2,088,082	2,117,342	2,273,582	2,402,812	2,645,547	2,654,639	2,943,676	3,209,712	3,755,493
Pupil Transportation	1,104,544	1,117,317	1,292,922	1,281,289	1,253,025	1,363,065	1,385,216	1,397,670	1,826,419	1,869,536
Central	0	0	6,386	127,912	130,865	127,306	149,992	130,060	163,914	196,460
Operation of Non-Instructional Services	0	11,829	1,840	0	0	892,808	799,724	752,722	804,615	836,516
Extracurricular Activities	285,760	309,883	373,334	342,570	326,935	382,501	388,006	407,551	425,927	463,628
Capital Outlay	968,082	822,190	724,965	2,574,029	11,923,859	5,074,462	1,833,136	1,032,287	16,873	182,330
Debt Service:										
Principal Retirement	785,929	680,000	700,000	545,000	820,000	455,460	447,947	2,979,118	987,448	2,285,000
Interest and Fiscal Charges	309,173	279,639	225,900	549,155	1,198,863	1,395,507	1,382,244	1,420,490	2,368,324	730,168
Issuance Costs	0	0	0	0	0	0	0	0	153,987	0
<i>Total Expenditures</i>	<i>19,399,449</i>	<i>20,066,762</i>	<i>21,244,081</i>	<i>22,803,777</i>	<i>35,669,685</i>	<i>30,728,427</i>	<i>27,776,891</i>	<i>30,705,935</i>	<i>32,398,857</i>	<i>33,189,874</i>

**ATHENS CITY SCHOOL DISTRICT**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Fiscal Years*  
*June 30, 2006*

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<i>Excess of Revenues Over (Under) Expenditures</i>	1,187,369	1,330,025	474,719	728,078	(8,843,733)	(3,234,602)	(764,247)	(1,085,453)	(2,229,045)	(1,650,299)
<b>Other Financing Sources (Uses)</b>										
Sale of Capital Assets	0	0	0	0	9,749	14,896	35,122	0	0	0
Proceeds from Sale of Bonds	0	0	0	16,400,000	0	0	0	0	0	0
Refunding Bonds Issued	0	0	0	0	0	0	0	0	9,305,000	0
Proceeds of Refunding Bonds	0	0	0	0	0	0	0	2,335,000	0	0
Payment to Refund Bond Escrow Agent	0	0	0	0	0	0	0	0	(9,305,000)	0
Premium on Debt Issuance	0	0	0	0	0	0	0	0	1,217,474	0
Premium on Bonds Issued	0	0	0	0	0	0	0	86,623	0	0
Transfers In	173,688	1,446	38,032	0	490,541	201,000	243,754	0	24,643	84,137
Transfers Out	(373,924)	(198,364)	(258,280)	(125,000)	(637,541)	(201,000)	(243,754)	0	(24,643)	(84,137)
<i>Total Other Financing Sources (Uses)</i>	(200,236)	(196,918)	(220,248)	16,275,000	(137,251)	14,896	35,122	2,421,623	1,217,474	0
<b><u>Extraordinary Item:</u></b>										
Stock Received from Demutualization	0	0	0	0	0	1,882,220	0	0	0	0
<i>Net Change in Fund Balances</i>	\$987,133	\$1,133,107	\$254,471	\$17,003,078	(\$8,980,984)	(\$1,337,486)	(\$729,125)	\$1,336,170	(\$1,011,571)	(\$1,650,299)
<b>Ratio of Debt Service to Non-Capital Expenditures</b>	6.32%	5.25%	4.73%	5.72%	9.29%	7.78%	7.59%	17.41%	12.16%	10.05%

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

Collection Year	Real Property			Tangible Personal Property				Assessed Value	Estimated Actual Value	Ratio	Weighted Average Tax Rate
	Assessed Value		Estimated Actual Value	Public Utility		General Business					
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
1997	\$158,725,480	\$76,028,870	\$670,726,714	\$29,454,860	\$33,471,432	\$19,558,176	\$117,819,440	\$283,767,386	\$822,017,586	34.52%	31.90
1998	169,826,900	76,581,020	704,022,629	27,953,770	31,765,648	20,849,558	111,815,080	295,211,248	847,603,357	34.83%	31.70
1999	171,607,090	79,771,740	718,225,229	29,537,640	33,565,500	21,348,845	118,150,560	302,265,315	869,941,289	34.75%	32.52
2000	197,290,880	88,446,750	816,393,229	26,617,680	30,247,364	22,056,469	106,470,720	334,411,779	953,111,313	35.09%	31.15
2001	202,022,610	89,144,900	831,907,171	26,776,310	30,427,625	23,500,232	107,105,240	341,444,052	969,440,036	35.22%	31.21
2002	206,187,250	89,452,380	844,684,657	22,391,140	25,444,477	23,319,149	89,564,560	341,349,919	959,693,694	35.57%	30.83
2003	254,203,450	103,097,810	1,020,860,743	22,930,390	26,057,261	23,566,052	91,721,560	403,797,702	1,138,639,564	35.46%	27.58
2004	255,866,250	106,636,680	1,035,722,657	23,265,910	26,438,534	24,843,744	93,063,640	410,612,584	1,155,224,831	35.54%	27.67
2005	258,942,540	104,487,470	1,038,371,457	24,169,380	27,465,205	25,073,212	96,677,520	412,672,602	1,162,514,182	35.50%	35.56
2006	282,989,230	116,333,170	1,140,921,143	26,766,620	30,416,614	25,034,896	107,066,480	451,123,916	1,278,404,237	35.29%	33.88

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The Weighted Average Tax Rate represents operational levies only.

**Source:** Ohio Department of Taxation



**ATHENS CITY SCHOOL DISTRICT**

*Property Tax Rates  
(per \$1,000 of assessed value)  
Last Ten Years*

Athens Township (A01)

Calendar Year	Athens City School District	Athens County	Tri-County Joint Career Center	Athens Township	Total Full Rate	Total Residential/Agriculture Effective Rate	Total Commercial/Industrial Effective Rate
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
2006	69.49	20.30	3.30	6.70	99.79	59.300197	66.459368

Athens Township - City of Athens (A02)

Calendar Year	Athens City School District	Athens County	Tri-County Joint Career Center	City of Athens	Athens Township	Total Full Rate	Total Residential/Agriculture Effective Rate	Total Commercial/Industrial Effective Rate
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
2006	69.49	20.30	3.30	2.60	0.30	95.99	55.975578	62.956533

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

**ATHENS CITY SCHOOL DISTRICT**

*Property Tax Rates  
(per \$1,000 of assessed value)  
Last Ten Years*

Athens Township - The Plains Fire District (A04)

Calendar Year	Athens City School District	Athens County	Tri-County Joint Career Center	The Plains Fire District	Athens Township	Total Full Rate	Total Residential/Agriculture Effective Rate	Total Commercial/Industrial Effective Rate
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
2006	69.49	20.30	3.30	2.60	7.60	103.29	61.768504	69.346896

Canaan Township (E02)

Calendar Year	Athens City School District	Athens County	Tri-County Joint Career Center	Canaan Township	Total Full Rate	Total Residential/Agriculture Effective Rate	Total Commercial/Industrial Effective Rate
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
2006	69.49	20.30	3.30	7.60	100.69	59.834813	66.981209

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

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- 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

**ATHENS CITY SCHOOL DISTRICT**

*Property Tax Rates  
(per \$1,000 of assessed value)  
Last Ten Years*

Canaan Township - City of Athens (E03)

Calendar Year	Athens City School District	Athens County	Tri-County Joint Career Center	City of Athens	Canaan Township	Total Full Rate	Total Residential/Agriculture Effective Rate	Total Commercial/Industrial Effective Rate
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
2006	69.49	20.30	3.30	2.40	5.70	101.19	60.334813	67.481209

Dover Township (G01)

Calendar Year	Athens City School District	Athens County	Tri-County Joint Career Center	Dover Township	Total Full Rate	Total Residential/Agriculture Effective Rate	Total Commercial/Industrial Effective Rate
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
2006	69.49	20.30	3.30	11.20	104.29	62.618758	69.999672

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

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- 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

**ATHENS CITY SCHOOL DISTRICT**

*Property Tax Rates  
(per \$1,000 of assessed value)  
Last Ten Years*

Dover Township - Village of Chauncey (G02)

Calendar Year	Athens City School District	Athens County	Tri-County Joint Career Center	Village of Chauncey	Dover Township	Total Full Rate	Total Residential/ Agriculture Effective Rate	Total Commercial/ Industrial Effective Rate
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
2006	69.49	20.30	3.30	2.90	5.80	101.79	60.859320	68.058353

Waterloo Township (N02)

Calendar Year	Athens City School District	Athens County	Tri-County Joint Career Center	Waterloo Township	Total Full Rate	Total Residential/ Agriculture Effective Rate	Total Commercial/ Industrial Effective Rate
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
2006	69.49	20.30	3.30	9.90	102.99	60.408076	68.133558

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- G01 Dover Township
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- N02 Waterloo Township

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

**ATHENS CITY SCHOOL DISTRICT**  
*Property Tax Levies and Collections (1)*  
*Last Ten Years*

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes To Current Tax Levy
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	9,348,562	99.06	496,541	5.26%
1998	10,706,049	10,296,314	96.17	551,518	10,847,832	101.32	672,549	6.28%
1999	11,028,914	10,641,196	96.48	421,432	11,062,628	100.31	565,254	5.13%
2000	12,690,846	12,315,346	97.04	420,680	12,736,026	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	12,128,499	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	13,491,221	87.71	747,497	4.86%
2005	15,485,990	14,943,670	96.50	367,375	15,311,045	98.87	922,442	5.96%

**Source:** Office of the County Auditor, Sample County, Ohio

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2006 information cannot be presented because all collections have not been made by June 30, 2006.
- (3) The County does not identify delinquent tax collections by tax year.

**ATHENS CITY SCHOOL DISTRICT**

*Principal Taxpayers*

*Real Estate Tax*

*2006 and 1997 (1)*

Name of Taxpayer	Type of Business	2006	
		Assessed Value	Percent of Real Property Assessed Value
Ohio University	Retail Sales	\$6,447,849	1.61%
AAC Athens LLC	Apartments	3,948,830	0.99%
Random Properties Acquisition	Retail Sales	2,977,850	0.75%
Continental 72 Fund LLC	Retail Sales	2,465,440	0.62%
Inn-Ohio of Athens, Inc.	Motel	1,903,740	0.48%
McCoady Properties Ltd.	Various	1,850,044	0.46%
The President and Trustees of the Ohio University	Apartments	1,611,589	0.40%
City of Athens	Various	1,598,419	0.40%
Southeast Development Co. 2	Apartments	1,422,900	0.36%
Hickory Creek of Athens, Inc.	Nursing Home	1,378,520	0.35%
Totals		<u>\$25,605,181</u>	<u>6.41%</u>
Total Assessed Valuation		<u>\$399,322,400</u>	<u>88.52%</u>

Name of Taxpayer	Type of Business	1997	
		Assessed Value	Percent of Real Property Assessed Value
	Not Available		
Totals			
Total Assessed Valuation			

(1) The amounts presented represent the assessed values upon which 2006 and 1997 collections were based

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

**ATHENS CITY SCHOOL DISTRICT**

*Principal Taxpayers*

*Tangible Personal Property Tax*

*2006 and 1997 (1)*

Name of Taxpayer	Type of Business	2006	
		Assessed Value	Percent of Tangible Personal Property Assessed Value
Wal Mart Stores East LP	Retail Sales	\$1,516,050	6.06%
Don Wood Buick, Inc.	Automobiles Sales & Service	742,658	2.97%
Time Warner Cable, Inc.	Cable TV	596,693	2.38%
Don Wood Fors-Lincoln-Mercury Inc.	Automobiles Sales & Service	559,230	2.23%
Taylor Motors	Automobiles Sales & Service	522,645	2.09%
Diagnostic Hybrids Inc.	Bio-Tech	448,208	1.79%
Kroger Company	Grocery	382,658	1.53%
Taylor Honda/MMT Motors Inc.	Automobiles Sales & Service	374,603	1.50%
Sunpower Inc.	Engines R & D	356,228	1.42%
Athens Mold & Machine Inc.	Machine Shop	322,508	1.29%
<b>Total</b>		<b>\$5,821,481</b>	<b>23.25%</b>
<b>Total Assessed Valuation</b>		<b>\$25,034,896</b>	<b>5.55%</b>

Name of Taxpayer	Type of Business	1997	
		Assessed Value	Percent of Tangible Personal Property Assessed Value
	Not Available		
<b>Total</b>			
<b>Total Assessed Valuation</b>			

(1) The amounts presented represent the assessed values upon which 2006 and 1997 collections were based

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

**ATHENS CITY SCHOOL DISTRICT**

*Principal Taxpayers*

*Public Utilities Tax*

*2006 and 1997 (1)*

Name of Taxpayer	Type of Business	2006	
		Assessed Value	Percent of Tangible Personal Property Assessed Value
Columbus Southern Power	Electricity	\$12,670,170	47.34%
Verizon North Inc.	Telephone	4,001,770	14.95%
Tennessee Gas Pipeline Co.	Natural Gas	1,654,860	6.18%
Texas Eastern Transmission	Natural Gas	1,493,650	5.58%
Columbia Gas of Ohio Inc.	Natural Gas	897,090	3.35%
Ohio Telephone & Telegraph	Telephone	775,080	2.90%
Horizon Personal	Telephone	576,700	2.15%
Norfolk Southern	Transportations	551,290	2.06%
Alltel Communications of Ohio	Telephone	457,210	1.71%
Columbia Gas Transmission	Natural Gas	437,330	1.63%
<b>Total</b>		<b>\$23,515,150</b>	<b>87.85%</b>
<b>Total Assessed Valuation</b>		<b>\$26,766,620</b>	<b>5.93%</b>

Name of Taxpayer	Type of Business	1997	
		Assessed Value	Percent of Tangible Personal Property Assessed Value
	Not Available		
<b>Total</b>			
<b>Total Assessed Valuation</b>			

(1) The amounts presented represent the assessed values upon which 2006 and 1997 collections were based

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



**ATHENS CITY SCHOOL DISTRICT**

*Ratio of Debt  
to Assessed Value and Debt per Capita  
Last Ten Fiscal Years*

Fiscal Year	Population (1)		Assessed Value of Taxable Property(2)	General Bonded Debt			General Debt				
				General Bonded Debt Outstanding	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	General Bonded Debt Outstanding	HB 264 Debt	Total Debt	Ratio of General Debt to Estimated Actual Value	General Debt Per Capita
1997	32,450	a	\$283,767,386	\$4,344,973	1.53%	\$133.90	\$4,344,973	\$150,000	\$4,494,973	1.58%	\$138.52
1998	32,600	a	295,211,248	3,824,973	1.30%	117.33	3,824,973	160,000	3,984,973	1.35%	122.24
1999	32,721	a	302,265,315	3,289,973	1.09%	100.55	3,289,973	165,000	3,454,973	1.14%	105.59
2000	32,721	a	334,411,779	19,319,973	5.78%	590.45	19,319,973	175,000	19,494,973	5.83%	595.79
2001	32,596	b	341,444,052	18,684,973	5.47%	573.23	18,684,973	185,000	18,869,973	5.53%	578.90
2002	32,596	b	341,349,919	18,424,513	5.40%	565.24	18,424,513	195,000	18,619,513	5.45%	571.22
2003	33,790	b	403,797,702	18,176,566	4.50%	537.93	18,176,566	200,000	18,376,566	4.55%	543.85
2004	33,790	b	410,612,584	17,747,449	4.32%	525.23	17,747,449	215,000	17,962,449	4.37%	531.59
2005	33,790	b	412,672,602	16,620,000	4.03%	491.86	16,620,000	0	16,620,000	4.03%	491.86
2006	33,790	b	451,123,916	14,335,000	3.18%	424.24	14,335,000	0	14,335,000	3.18%	424.24

**Sources:** (1) U.S. Bureau of Census, Census of Population  
(a) 1990 Federal Census  
(b) 2000 Federal Census

(2) Ohio Department of Taxation

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

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentage)
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	1,630,597	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%
2006	2,285,000	730,168	3,015,168	24,670,213	12.22%

Source: School District Fund Financial Statements

**ATHENS CITY SCHOOL DISTRICT**  
*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
June 30, 2006*

Jurisdiction	Net General Obligation Bonded Debt Outstanding (1)	Percentage Applicable to School District	Amount Applicable to School District
<u>Direct Debt:</u>			
Athens City School District	\$14,335,000	100%	\$14,335,000
<u>Overlapping Debt:</u>			
Athens County	2,381,938	55% (2)	\$1,310,066
City of Athens	7,460,000	98% (3)	<u>7,310,800</u>
Total Overlapping Debt			<u>8,620,866</u>
Total Direct and Overlapping Debt			<u>\$22,955,866</u>

Source: Ohio Municipal Advisory Council

- (1) Includes all general obligation bonded debt, not general obligation notes
- (2) Percentage of County's valuation within the School District compared to the total valuation of the County.
- (3) Percentage of City's valuation within the School District compared to the total valuation of the City.

**ATHENS CITY SCHOOL DISTRICT**

*Computation of Legal Debt Margin  
Last Ten Fiscal Years*

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Tax Valuation	<u>\$283,767,386</u>	<u>\$295,211,248</u>	<u>\$302,265,315</u>	<u>\$334,411,779</u>	<u>\$341,444,052</u>	<u>\$341,349,919</u>	<u>\$403,797,702</u>	<u>\$410,612,584</u>	<u>\$412,672,602</u>	<u>\$451,123,916</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>\$25,539,065</u>	<u>\$26,569,012</u>	<u>\$27,203,878</u>	<u>\$30,097,060</u>	<u>\$30,729,965</u>	<u>\$30,721,493</u>	<u>\$36,341,793</u>	<u>\$36,955,133</u>	<u>\$37,140,534</u>	<u>\$40,601,152</u>
Amount of Debt Applicable to Debt Limit										
General Obligation Bonds	4,344,973	3,824,973	3,289,973	19,319,973	18,684,973	18,424,513	18,176,566	17,747,449	16,620,000	14,335,000
Less Amount Available in Debt Service	<u>(161,609)</u>	<u>(487,536)</u>	<u>(721,757)</u>	<u>(1,707,620)</u>	<u>(1,654,485)</u>	<u>(2,152,841)</u>	<u>(2,638,685)</u>	<u>(3,561,263)</u>	<u>(3,268,767)</u>	<u>(1,869,720)</u>
Amount of Debt Subject to Limit	<u>4,183,364</u>	<u>3,337,437</u>	<u>2,568,216</u>	<u>17,612,353</u>	<u>17,030,488</u>	<u>16,271,672</u>	<u>15,537,881</u>	<u>14,186,186</u>	<u>13,351,233</u>	<u>12,465,280</u>
Legal Debt Margin	<u>\$21,355,701</u>	<u>\$23,231,575</u>	<u>\$24,635,662</u>	<u>\$12,484,707</u>	<u>\$13,699,477</u>	<u>\$14,449,821</u>	<u>\$20,803,912</u>	<u>\$22,768,947</u>	<u>\$23,789,301</u>	<u>\$28,135,872</u>
Legal Debt Margin as a Percentage of the Debt Limit	83.62%	87.44%	90.56%	41.48%	44.58%	47.03%	57.25%	61.61%	64.05%	69.30%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$283,767	\$295,211	\$302,265	\$334,412	\$341,444	\$341,350	\$403,798	\$410,613	\$412,673	\$451,124
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$283,767</u>	<u>\$295,211</u>	<u>\$302,265</u>	<u>\$334,412</u>	<u>\$341,444</u>	<u>\$341,350</u>	<u>\$403,798</u>	<u>\$410,613</u>	<u>\$412,673</u>	<u>\$451,124</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Source:** Ohio Department of Taxation and School District Financial Records

(1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

Note: The amount of debt presented as subject to the limit should be the balances used to compute the margin as specified by statute, i.e. the gross balances, not amounts that are net of premiums or discounts. On deep discount or capital appreciation bonds, this would be the original issue amount.

Note: The definition of tax valuation for the purpose of calculating the debt margin was modified by H.B. 530, effective 3/30/06, to exclude tangible personal property used in business, telephone or telegraph property, interchange telecommunications company property, or personal property owned or leased by a railroad company and used in railroad operations.

***ATHENS CITY SCHOOL DISTRICT***

*Demographic and Economic Statistics*

*Last Ten Years*

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<u>Year</u>	<u>Population (1)</u>	<u>Unemployment Rate (2)</u>
1996	32,310	5.90%
1997	32,310	5.20%
1998	32,721	4.90%
1999	32,721	4.90%
2000	32,596	5.30%
2001	32,596	4.80%
2002	32,596	5.80%
2003	33,790	6.10%
2004	33,790	6.30%
2005	33,790	6.00%

**Sources:**

(1) Ohio Municipal Advisory Council

(2) U.S. Department of Labor. Data is for Athens County. Statistics are not available by school district.

**ATHENS CITY SCHOOL DISTRICT**

*Principal Employers*

*Current Year and Nine Years Ago*

Employer	Nature of Business	2005 *			1996		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Ohio University	Education	3,700	1	13.55%	Data Not Available		
Athens County Government	Government	621	2	2.27%			
Athens City School District	Education	475	3	1.74%			
Wal-Mart	Retail	450	4	1.65%			
O'Bleness Memorial Hospital	Health Care	448	5	1.64%			
Athens City Government	Government	255	6	0.93%			
Health Recovery Services	Health Care	175	7	0.64%			
Diagnostic Hybrids, Inc.	Manufacturing	145	8	0.53%			
Kroger Company	Retail	110	9	0.40%			
Athens Messenger	Newspaper	102	10	0.37%			
Total		<u>6,481</u>		<u>23.72%</u>			
Total Employment within the School District		<u>27,300</u>					

Source: Athens Area Chamber of Commerce

\* 2006 Information not available

**ATHENS CITY SCHOOL DISTRICT**  
*School District Employees by Function/Program*  
*Last Seven Fiscal Years*

Function/Program	2000	2001	2002	2003	2004	2005	2006
<b>Teaching Staff:</b>							
Elementary (K-6) Classroom Teachers	115.60	112.10	108.80	108.80	107.80	94.00	92.00
Secondary (7-12) Classroom Teachers	81.20	81.20	81.50	82.50	81.50	80.50	79.50
Special Education Teachers	34.00	35.50	39.00	39.00	40.00	51.90	51.90
<b>Pupil Support Services:</b>							
Secretarial	21.50	22.50	22.50	22.50	21.50	21.00	21.00
Guidance/Counselors	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Librarians/Audio Visual	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Psychologists	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Nurses	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Educational Aides	49.50	55.50	60.50	63.50	65.60	69.00	73.00
<b>Administrators/Supervisors:</b>							
Elementary (K-6)	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Secondary (7-12)	4.00	4.00	4.00	3.00	4.00	4.00	4.00
Central/Districtwide	9.00	9.00	9.00	9.00	9.00	10.00	10.00
<b>Operation of Plant:</b>							
Custodians	24.50	24.50	24.50	24.50	25.50	25.00	25.00
Maintenance	6.00	6.00	6.00	5.00	5.00	4.00	4.00
<b>Pupil Transportation:</b>							
Bus Drivers	29.00	30.00	28.00	29.50	29.50	30.00	30.00
Mechanics	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>Food Service Program:</b>							
Elementary (K-6)	15.00	15.00	15.00	15.00	12.20	12.00	12.00
Secondary (7-12)	6.50	6.50	6.50	6.50	6.50	6.50	6.50
<b>Total</b>	<b>412.80</b>	<b>418.80</b>	<b>421.30</b>	<b>424.80</b>	<b>424.10</b>	<b>423.90</b>	<b>424.90</b>

**Method:** Using 1.0 for each full-time employee and an appropriate fraction for each part-time and seasonal employee. The count is performed on September 1 of each year.

Information prior to 2000 is not available in this format.

**Source:** Ohio Department of Education and Athens City School District Financial Records.

**ATHENS CITY SCHOOL DISTRICT**  
*Operating Statistics & Cost to Educate A Graduate*  
*Last Twelve Fiscal Years*

Fiscal Year	Grade	Number Of Graduates (1)	Average Daily Membership (ADM) (2)	ADM Percentage Change	Cost per Pupil #		Teaching Staff	Pupil/Teacher Ratio
					District Average	State Average		
1994	Kindergarten	212	2,926	-	\$4,386	\$5,010	201.3	14.5
1995	1st Grade	208	2,837	-3.04%	5,181	5,151	216.8	13.1
1996	2nd Grade	204	2,850	0.46%	5,230	5,328	219.8	13.0
1997	3rd Grade	225	2,793	-2.00%	5,889	5,557	222.6	12.5
1998	4th Grade	242	2,705	-3.15%	6,116	5,673	218.6	12.4
1999	5th Grade	234	2,966	9.65%	6,681	6,642	221.8	13.4
2000	6th Grade	235	2,823	-4.82%	6,972	7,057	230.8	12.2
2001	7th Grade	235	2,757	-2.34%	7,832	7,591	228.8	12.0
2002	8th Grade	233	2,544	-7.73%	8,608	8,073	229.3	11.1
2003	9th Grade	209	2,481	-2.48%	8,713	8,441	230.3	10.8
2004	10th Grade	205	2,482	0.04%	8,999	8,768	229.3	10.8
2005	11th Grade	194	2,408	-2.98%	9,617	9,048	226.4	10.6
2006	12th Grade	204	2,423	0.61%	10,337	9,356	223.4	10.8
					<u>\$94,561</u>	<u>\$91,695</u>		

(1) Athens High School Guidance Department

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

# - Ohio Department of Education "District School Report Card"



**ATHENS CITY SCHOOL DISTRICT**

*Miscellaneous Statistics*

June 30, 2006

Year of Establishment	Established in the Mid 1800's Consolidated with The Plains and Chauncey Districts in 1964
Form of Government	Locally-elected five member Board
Number of Employees:	
Certificated	232.4
Non-Certificated	173.5
Administrative	19.0
Area - square miles	58 Square Miles
Average Daily Membership	2,423
Cost per Pupil	\$10,337
Average Number of Years Teaching Experience	14.4 Years
Percentage of Teaching Staff Holding a Master's Degree	67.4% Master or Higher

<u>Building</u>	<u>Grades Level</u>	<u>Enrollment (1)</u>	<u>Capacity (2)</u>	<u>Percentage of Capacity Used</u>	<u>Number of Regular Teachers (3)</u>	<u>Pupil/Teacher Ratio (4)</u>	<u>Year Building Completed</u>	<u>Date of Additions</u>
Athens High School	9 - 12	926	931	99.5%	49	18.9 :1	1968	2002
Athens Middle School	7 & 8	504	779	64.7%	29	17.4 :1	1923	1936, 1956 1973, 2002
Chauncey Elementary	PS - 6	265	344	77.0%	18	14.7 :1	1964	1978
East Elementary	K - 6	317	429	73.9%	18	17.6 :1	1956	1980
Morrison Elementary	K - 6	402	429	93.7%	22	18.3 :1	1979	-
The Plains Elementary	PS - 6	464	516	89.9%	26	17.8 :1	1990	-
West Elementary	PS - 6	<u>304</u>	<u>286</u>	<u>106.3%</u>	<u>16</u>	19.0 :1	1956	1978
District Totals		3,182	3,714	85.7%	178	17.9 :1		

- (1) Total Enrollment - All Students including Special Education - as of June 2006
- (2) Based on Ohio School Facility Commission standard class size of 25 students
- (3) Does not include Counselors, Special Education Teachers, or Educational Assistants
- (4) Building Average with exclusions listed above

**ATHENS CITY SCHOOL DISTRICT**

Standardized Test Results

June 30, 2006

	<u>Athens High School</u>	<u>State Mean</u>	<u>National Mean</u>
<b><u>S.A.T.</u></b>			
Critical Reading	583	535	503
Mathematics	588	544	518
Writing	567	521	497

<b><u>A.C.T.</u></b>			
English	22.0	20.8	20.6
Mathematics	23.5	21.3	20.8
Reading	23.5	21.9	21.4
Science	22.3	21.5	20.9
Composite	23.0	21.5	21.1

**Ohio Public School Report Card Data:**

	<u>Athens City Schools</u>	<u>Similar Districts *</u>	<u>State Average</u>
<b><u>3rd Grade Achievement Test</u></b>			
Reading	73.5	82.3	75.1
Mathematics	73.9	81.4	74.9
<b><u>4th Grade Achievement Test</u></b>			
Reading	76.2	83.8	76.8
Writing	84.3	90.6	85.9
Mathematics	78.9	84.3	76.9
<b><u>5th Grade Achievement Test</u></b>			
Reading	81.3	82.6	75.3
Mathematics	69.8	71.4	62.7
<b><u>6th Grade Achievement Test</u></b>			
Reading	88.8	89.0	83.6
Mathematics	71.9	74.7	68.4
<b><u>7th Grade Achievement Test</u></b>			
Reading	79.1	83.3	78.9
Mathematics	61.4	69.0	63.2
<b><u>8th Grade Achievement Test</u></b>			
Reading	78.0	82.6	77.1
Mathematics	67.2	74.6	68.6
<b><u>10th Grade Achievement Test</u></b>			
Reading	83.6	91.8	89.4
Writing	74.3	89.9	88.0
Mathematics	79.8	85.7	82.7
Science	68.6	78.4	73.1
Social Studies	74.3	83.0	79.5
<b><u>11th Grade Achievement Test</u></b>			
Reading	86.8	95.8	93.7
Writing	85.4	94.0	91.9
Mathematics	85.8	92.6	88.9
Science	83.0	87.9	82.8
Social Studies	84.0	83.0	86.4
<b><u>Attendance Rate</u></b>			
All Grades	95.8	94.9	94.1
<b><u>Graduation Rate</u></b>			
2004-2005	100.0	93.4	86.2



**Mary Taylor, CPA**  
Auditor of State

**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  
MARCH 29, 2007**