



**Auditor of State
Betty Montgomery**

PRINCETON CITY SCHOOL DISTRICT
HAMILTON COUNTY

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**PRINCETON CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Nutrition Cluster:				
Food Distribution Program	N/A	10.550		\$114,001
School Breakfast Program	05-PU	10.553	\$191,206	
Team Nutrition Grants		10.574	6,000	
National School Lunch Program	LLP1,LLP4	10.555	832,042	
Summer Food Service Program for Children	23PU,24PU	10.559	41,680	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>1,070,928</u>	<u>114,001</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	946,359	
Special Education - Preschool Grant	PG-S1	84.173	20,095	
Total Special Education Cluster			<u>966,454</u>	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1	84.010	987,368	
Drug-Free Schools Grant	DR-S1	84.186	26,311	
Innovative Educational Program Strategies	C2-S1	84.298	299,374	
ITechnology Literacy Challenge Fund Grants	TJ-S1	84.318	30,905	
School Renovation, IDEA and Technology	AT-S3	84.352A	1,384	
English Language Acquisition	T3-S1	84.365	67,305	
Improving Teacher Quality	TR-S1	84.367	153,773	
Community Alternative Fund System		94.778	144,015	
<i>Passed Through Great Oaks Institute of Technology and Career Development</i>				
Vocational Education - Basic Grants to State	N/A	84.048	10,220	
21st Century Community Learning Centers/After School Learning Centers	N/A	84.287	382,830	
Total Department of Education			<u>3,069,939</u>	
Totals			<u>\$4,140,867</u>	<u>\$114,001</u>

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

**PRINCETON CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2004**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B—CHILD NUTRITION CLUSTER

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

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

NOTE C -- MATCHING REQUIREMENTS

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



Auditor of State Betty Montgomery

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

Princeton City School District
Hamilton County
25 West Sharon Road
Cincinnati, Ohio 45246

To the Board of Education:

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information for Princeton City School District, Hamilton County, Ohio (the District), as of and for the fiscal year ended June 30, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instance of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 28, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2004-001 and 2004-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 28, 2005.

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

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

Betty Montgomery
Auditor of State

February 28, 2005



Auditor of State Betty Montgomery

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

Princeton City School District
Hamilton County
25 West Sharon Road
Cincinnati, Ohio 45246

To the Board of Education:

Compliance

We have audited the compliance of Princeton City School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2004. 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 its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated February 28, 2005. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

February 28, 2005

**PRINCETON CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505
JUNE 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under ' .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster: CFDA#'s 10.550, 10.553, 10.555, and 10.559 21 st Century Community Learning Centers: CFDA # 84.287
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2004-001

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$3,000 dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Contrary to the above requirement, 12% of the expenditures tested were not certified at the time the commitment was made as to the availability of funds. Failure to encumber appropriations can result in overspending funds and negative cash fund balances. Therefore we recommend the District obtain approved purchase orders which contain the treasurer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making the commitment.

FINDING NUMBER 2004-002

Reportable Condition

Reconciliations are an effective tool to help management determine the completeness of recorded transactions and ensure that all recorded transactions have been deposited with the financial institution.

The District has not properly reconciled their books to the bank for the current and prior year audit periods. The reconciliations that were prepared were not accurate or complete. From our review of the records at the District it appears that the reconciliation problems relate to various posting errors made by the District in the payroll clearing bank account. The District has been recording different amounts of unidentified reconciling items on their reconciliations since at least August 2001, and these unidentified reconciling amounts have been varying from month to month. During the fiscal year under audit, the District posted receipt # 41888 for \$22,322 on June 23, 2004 to their accounting system twice, resulting in their books being overstated by this amount. The District indicated to us that they realized that they were out of balance at June 30, 2004, and made an adjustment to their 2004 ledgers for \$31,157, decreasing their balance by that amount. After making that adjustment the District records appeared to be reconciled; however, the net impact of both of these posting errors resulted in the District's accounting system ledger balances being higher than the bank balances by \$8,835.

**FINDING NUMBER 2004-002
(Continued)**

We recommend the District adjust the \$22,322 receipt and the \$31,157 negative receipt from their accounting system, and document the amount by which the reconciled book and bank amounts differ.

The District should then reconcile their accounts each month and if reconciliations are properly prepared, the difference between the reconciled book and bank amounts should remain the same. If the amount does not change for a specified number of months, the difference could be recorded in the District ledgers at that time, and the accounts should reconcile.

The District should also consider opening a new payroll clearing account to handle all current and future payroll transactions. If the new payroll clearing account is properly reconciled monthly then the reconciliation issue can be isolated to the old payroll clearing account.

We also recommend that management reconcile all accounts on a monthly basis. All variances should be immediately investigated and justified. The payroll clearing account should normally agree to the amount of outstanding payroll related checks.

The District should establish written procedures for cash reconciliations. These procedures should include procedures to void and reissue checks so they are properly approved by the Treasurer and entered in to the computerized accounting system. A supervisor should review and approve the reconciliations.

3. FINDINGS FOR FEDERAL AWARDS

None.

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**PRINCETON CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	Ohio Rev. Code, Section 5705. 41 (D) Failure to properly encumber funds	No	Reissued as Finding 2004-001
2003-002	Ohio Rev. Code, Section 5705.41 (B), the District's expenditures exceeded appropriations	No	Partially Corrected, issued as a Management Letter Comment.
2003-003	Cash reconciliation for payroll account not accurate	No	Reissued as Finding 2004-002
2003-004	Reportable Condition regarding ineffective monitoring controls	Yes	
2003-005	Reportable Condition regarding Student Activities	No	Partially Corrected, issued as a Management Letter Comment

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



*Princeton City School District
Cincinnati, Ohio*

**PRINCETON CITY SCHOOL DISTRICT
CINCINNATI, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

PREPARED BY: OFFICE OF THE TREASURER

**LARRY A. MCDONOUGH
TREASURER**

INTRODUCTORY SECTION

Mission Statement

The Mission of the Princeton City School District is to assure that all students thrive as productive life-long learners and citizens of integrity by providing a superior educational environment.

PRINCETON CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2004

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Princeton City School District
25 West Sharon Avenue
Cincinnati, Ohio 45246

Office of the Treasurer

Phone: (513) 771-8560

Fax: (513) 771-0328

February 28, 2005

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

We are pleased to present the eighth Comprehensive Annual Financial Report (CAFR) of the Princeton City School District (District) for the fiscal year ended June 30, 2004. This report was prepared by the Treasurer's Office, and contains financial statements, supplemental statements, and statistical information to provide complete and full disclosure of all material financial aspects of the District for the 2003-04 fiscal year.

Responsibility for the accuracy, completeness, and fairness of the report rests with the District. To the best of our knowledge and belief, this report and the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report was prepared in conformance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB).

This report has been divided into three sections:

- The Introductory Section includes a table of contents, this transmittal letter, the list of principal officials, the District's organizational chart, and the GFOA and ASBO certificates the district received for the June 30, 2003, CAFR.
- The Financial Section includes the independent accountants' report on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements, and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
- The Statistical Section includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

This report includes all funds and account groups of the District. The District provides a full range of traditional and non-traditional educational programs, services, and facilities. These include elementary and secondary curriculum offerings at the general, college preparatory, and vocational levels; a broad range of co-curricular and extra-curricular activities; special education programs; and facilities and community recreation facilities.

In addition to providing these general activities, the District receives pass-through grants from the State and distributes these grants to parochial/private schools located within the District. This activity is included in the entity as a Special Revenue fund because of the District's administrative involvement in the program. The parochial/private schools served are: Cincinnati Hills Christian Academy, Lincoln Heights Christian Academy, Landmark Christian, Hillcrest Training Academy, Herman Turner Academy, Bethany School, St. Gabriel School, St. Michael School and St. Rita School for the Deaf. While these organizations share operational and service similarity with the District, each is a legally separate and distinct entity. Because of their independent nature, none of these organizations are included in this report.

DESCRIPTION OF THE DISTRICT

The District serves an area of 36 square miles in the north central part of Hamilton County, encompassing the villages of Glendale, Evendale, Woodlawn and Lincoln Heights, and, the cities of Springdale and Sharonville. It also encompasses a small portion of Butler and Warren Counties. The total District population has increased slightly from 40,980 in 1990 to 42,426 in 2004, according to information provided by the Ohio Municipal Advisory Council. The tax base of the District is comprised of a unique blend of residential, commercial, and industrial property, with approximately 69.0% of the tax revenue of the District paid by business and industry.

During the 2003-04 school year, the District served 5,921 students enrolled in nine elementary schools, one junior high school and one high school. The District's enrollment is slightly declining with no significant increase projected due to the lack of available land for new residential development.

The student enrollment of the District is a reflection of the diversity of the communities it serves. For the 2003-04 school year, 31.19% of the students enrolled were participating in the free lunch program; 107 students were enrolled in a full time trade program through vocational education; 782 students received instruction through a variety of special education programs; and 778 students were served in the district's advanced academic programs. The District also offers a comprehensive adult education program to the community to help adults obtain a high school diploma.

ORGANIZATION OF THE DISTRICT

The Board of Education of the Princeton City School District is composed of five members elected at large by the citizens of the District. The board serves as the taxing authority, contracting body and policy initiator for the operation of the District. The Board is also responsible for the adoption of the tax budget, the annual operating budget and approves all expenditures of the District. The Board is a body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code, and has only those powers and authority conferred upon it by the Code.

The members of the Board, their current terms, and total years served on the Board as of June 30, 2003, are:

<u>Board Member</u>	<u>Current Term</u>	<u>Total Years</u>
Mr. Gary Bryson	Jan. 2004 - Dec. 2007	4 - 1/2
Mr. George Keyser	Jan. 2004 - Dec. 2007	4 - 1/2
Mr. Mark Lemen	Jan. 2002 - Dec. 2005	8
Mrs. Jenny Pansing	Jan. 2002 - Dec. 2005	6 - 1/2
Mrs. Sandy Leach	Jan. 2004 - Dec. 2007	1/2

The Superintendent is the Chief Executive Officer of the District and is directly responsible to the Board for all operations of the District. Mr. Don Darby served as Superintendent from July 1, 2001 through July 31, 2004. On August 9, 2004, the Board approved a two-year contract with Mr. Aaron K. Mackey as the new Superintendent commencing August 1, 2004.

The Treasurer is the Chief Financial Officer of the District and is directly responsible to the Board for all financial operations, investments, and serves as Secretary to the Board. Mr. Larry McDonough has served as Treasurer since January 1987, and has 20 1/2 years experience as a school treasurer in Ohio. At its regular meeting in January 2005, the board approved a four-year contract extension which expires in January 2009.

FINANCIAL CONDITION

This is the second year the District has prepared financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the School District's 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 businesses. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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 accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement 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 part of this new reporting model, management is responsible for preparing a Management's Discussion and analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for fiscal year 2004 and the outlook for the future.

EMPLOYEE RELATIONS

As of June 30, 2004, the Board employed 950 full-time employees. Of the Board's current employees, 500 were certificated by the Ohio Department of Education serving as classroom teachers, education specialists, and administrators, all of whom have at least a bachelor's degree.

Certificated teachers and education specialists are represented by the Princeton Association of Classroom Educators (PACE) which is a labor organization affiliated with the Ohio Education Association. As of June 30, 2004, the District and the association completed the first year of a three (3) year contract.

Operational personnel are represented by the Princeton Support Staff Association (PSSA) which is affiliated with the Ohio Association of Public School Employees, Chapter 174 (OAPSE) which is a labor organization affiliated with the American Federation of State, County and Municipal Employees (AFSCME). As of June 30, 2004, the District and the association completed the first year of a three (3) year contract.

MAJOR INITIATIVES FOR THE YEAR

The district continues its efforts to become a more effective institution. Through strategic planning, several areas have become the focus of increased activity. Early in the 2002-03 school year, an Operational Strategic Plan was developed and the implementation is ongoing. This plan mirrors components of the previous district-wide plan. Central office and building administrators were instrumental in its development and will lead the implementation effort. As in the past, the plan is based on the district's mission statement that states:

The mission of the Princeton City School District is to assure that all students thrive as productive life-long learners and citizens of integrity by providing a superior educational environment.

Goals developed for the 2003-04 school year are as follows:

1. Increase academic achievement for students, district-wide.
2. Close achievement gaps among students as evidenced by Ohio Department of Education Report Cards and locally generated disaggregated data reflecting minority students' performance.
3. Ensure adequate financial resources to provide for continued high quality and consistent educational opportunities for all students.

4. Address issues facing the district because of its aging school buildings and declining enrollments.
5. Develop and implement a customer focus initiative that will positively impact students, staff and community.
6. Continue the administrative development program to ensure effective leadership at all levels of administration.

FINANCIAL INFORMATION

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

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 is 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.

Single Audit Act

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 and annual reviews by the District's independent auditors.

As a part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2004, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function and object of expenditure within an individual fund. The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Unencumbered appropriation balances are reviewed prior to the release of purchase orders to ensure funds are available to meet the obligation created by the purchase order. 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.

Cash Management

The District operates a cash management program designed to provide safety, liquidity, and yield, in that order. Funds are invested in overnight savings accounts, certificates of deposit, in the Ohio State Treasurer's Investment Pool (Star Ohio), or in United States Government bills or notes. The amount of investment income received in

fiscal year 2004 for all District funds was \$1,187,812. A more detailed description of the District's investment functions is provided in Note 3 to the financial statements.

Risk Management

The District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for vehicle fleet liability, general liability, property loss, and boiler and machinery coverage are purchased from insurance companies licensed to do business in the State of Ohio. The maximum deductible amount for these coverages is \$10,000 per loss incurred.

OTHER INFORMATION

Independent Audit

Provisions of State statute require that the District's financial statements be subjected to an annual examination by an independent auditor. The Auditor of State's unqualified opinion rendered on the District's basic financial statements, combining statements and individual fund schedules is included in the financial section of this Comprehensive Annual Financial Report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Princeton City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This was the sixth consecutive year that the government 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.

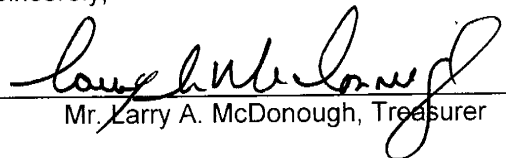
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

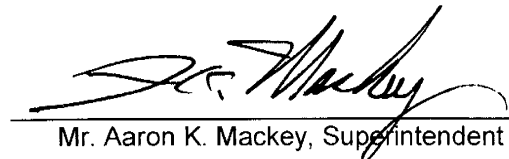
The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2003, to the District. The award was the seventh for the District. The award certifies that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after extensive review of the report by an expert panel of certified public accountants and practicing school business officials. The District believes our current report conforms to the ASBO's principles and standards, and we are submitting it to ASBO to determine its eligibility for a certificate.

Acknowledgments

The preparation and publication of the 2004 Comprehensive Annual Financial Report of the Princeton City School District was made possible by the combined efforts of the entire Treasurer's office staff. Sincere appreciation is extended to Mrs. Teresa A. Johnson for her exceptional individual efforts in preparing this report. Finally, this report would not have been possible without the support, commitment, and leadership of the Board of Education to continue the pursuit of excellence in financial reporting.

Sincerely,


Mr. Larry A. McDonough, Treasurer


Mr. Aaron K. Mackey, Superintendent

PRINCETON CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
June 30, 2004

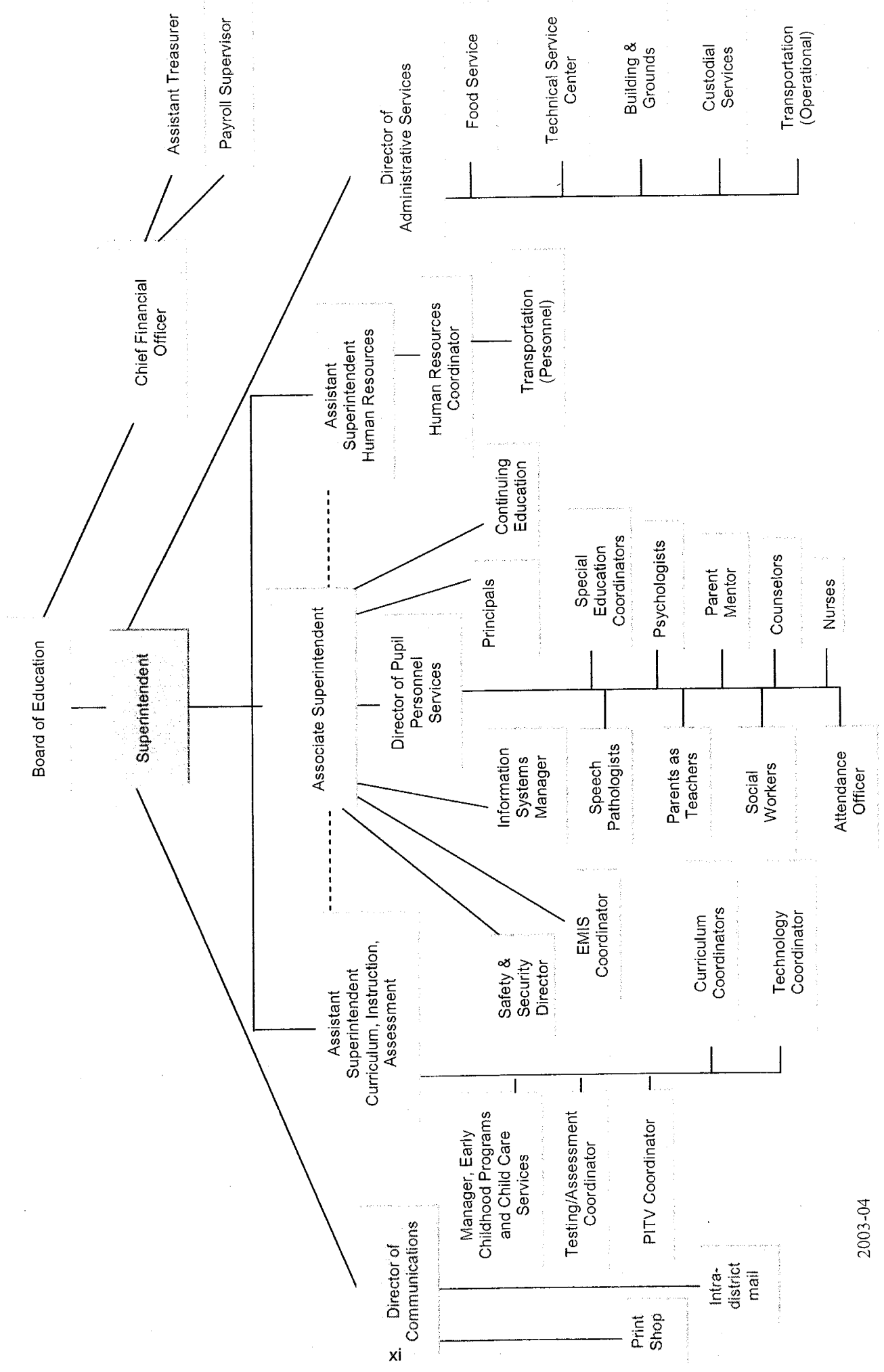
Elected Officials

President, Board of EducationMr. Gary Bryson
Vice-President, Board of Education..... Mr. George Keyser
Board MemberMrs. Sandy Leach
Board Member.....Mr. Mark Lemen
Board Member..... Mrs. Jenny Pansing

Administrative Officials

SuperintendentMr. Donald Darby
Treasurer/Chief Financial Officer.....Mr. Larry A. McDonough
Associate Superintendent.....Mr. Aaron Mackey
Assistant Superintendent, Curriculum, Instruction & AssessmentDr. Lon Stettler
Assistant Superintendent, Director - Pupil Personnel Svcs ...Dr. Michelle Means-Walker

Organizational Chart of the Princeton City School District





Certificate of Achievement for Excellence in Financial Reporting

Presented to
Princeton City School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

PRINCETON CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

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

Willie F. Hill
President

Gene H. Keller
Executive Director

FINANCIAL SECTION

CHARACTER EDUCATION VALUES

Trustworthiness - Be honest, dependable, and sincere to self and others.

Respect - Demonstrate courtesy and civility. Be good to self and others.

Responsibility - Be accountable for the results of your actions.

Honor - Stand by your word. Exhibit ethical conduct.

Compassion - Treat others and self with kindness.

Service - Give back to the community. Help others.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Princeton City School District
Hamilton County
25 West Sharon Road
Cincinnati, Ohio 45246

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Princeton City School District, Hamilton County, Ohio (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type, each major fund, and the aggregate remaining fund information of Princeton City School District, Hamilton County, Ohio, as of June 30 2004, and the respective changes in financial position and cash flows where applicable, 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 February 28, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the respective budgetary comparison for the General Fund are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We 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.

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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



Betty Montgomery
Auditor of State

February 28, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the Princeton City School District, Ohio for the year ended June 30, 2004. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2004 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$37.8 million. Of this amount, \$29.2 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net assets decreased by \$1.9 million.
- ✓ The School District had \$78.7 million in expenses related to governmental activities; only \$7.0 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$69.9 million, made up primarily of property taxes and State Foundation payments provided the majority of funding for the School District.
- ✓ The General Fund balance decreased by \$5.3 million from \$33.4 million in fiscal year 2003 to \$28.1 million in fiscal year ended June 30, 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

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

The statement of net assets presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most 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 years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The business-type activities of the School District include food services and early childhood programs.

Fund financial statements. 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 School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 near-term 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 financing requirements.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

Because the focus of 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 government 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 government funds and governmental activities.

The School District accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. Some funds are required to be established by State law. Also, the School District may also establish separate funds to show that it is meeting legal requirements for using grants or other money.

Proprietary funds. The School District utilizes enterprise funds, which report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide greater detail than the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

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.

Other information. In addition to the basic financial statements and notes, this report also contains required supplementary information concerning the budget for the General Fund.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net assets at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2004:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY04</u>	<u>FY03</u>	<u>FY04</u>	<u>FY03</u>	<u>FY04</u>	<u>FY03</u>
Current and other assets	\$ 170,287,656	93,170,512	1,089,787	1,100,050	171,377,443	94,270,562
Capital assets	<u>11,352,290</u>	<u>8,014,935</u>	<u>243,327</u>	<u>274,607</u>	<u>11,595,617</u>	<u>8,289,542</u>
Total assets	<u>181,639,946</u>	<u>101,185,447</u>	<u>1,333,114</u>	<u>1,374,657</u>	<u>182,973,060</u>	<u>102,560,104</u>
Long-term debt outstanding	91,400,884	3,683,038	64,507	27,798	91,465,391	3,710,836
Other liabilities	<u>54,246,288</u>	<u>58,826,037</u>	<u>322,499</u>	<u>286,255</u>	<u>54,568,787</u>	<u>59,112,292</u>
Total liabilities	<u>145,647,172</u>	<u>62,509,075</u>	<u>387,006</u>	<u>314,053</u>	<u>146,034,178</u>	<u>62,823,128</u>
Net assets:						
Invested in capital assets, net of debt	4,510,135	6,625,976	243,327	274,607	4,753,462	6,900,583
Restricted:						
For capital purposes	1,283,874	2,673	-	-	1,283,874	2,673
Other purposes	2,643,536	1,178,658	-	-	2,643,536	1,178,658
Unrestricted	<u>28,453,533</u>	<u>30,869,065</u>	<u>702,781</u>	<u>785,997</u>	<u>29,156,314</u>	<u>31,655,062</u>
Total net assets	\$ <u>36,891,078</u>	<u>38,676,372</u>	<u>946,108</u>	<u>1,060,604</u>	<u>37,837,186</u>	<u>39,736,976</u>

Current and other assets increased significantly due to an increase in cash from the sale of \$85 million in School Improvement Bonds. As the School District embarked on its improvement project, early design initiatives (construction in progress) and land acquisitions impacted the increase in net assets.

Long term debt outstanding increased due to the sale of the \$85 million School Improvement bonds. The debt issue was for twenty seven (27) years and scheduled to retire in 2030. The reduction in other liabilities is the result of a decline in deferred revenues attributable to reduced property valuations that negatively impacted measurable property tax revenues at June 30, 2004.

Governmental activity assets restricted for capital purposes increased due to the unspent portions of bond and lease purchase proceeds.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

B. Governmental and Business-type Activities during fiscal year 2004

The following is a condensed summary of the School District's activities during 2004:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY04</u>	<u>FY03</u>	<u>FY04</u>	<u>FY03</u>	<u>FY04</u>	<u>FY03</u>
Revenues:						
Program revenues:						
Charges for services and sales	\$ 1,883,734	1,482,655	2,136,000	2,235,181	4,019,734	3,717,836
Operating grants and contributions	5,129,831	3,629,108	1,239,318	1,350,606	6,369,149	4,979,714
Capital grants and contributions	-	102,848	-	-	-	102,848
Total program revenues	<u>7,013,565</u>	<u>5,214,611</u>	<u>3,375,318</u>	<u>3,585,787</u>	<u>10,388,883</u>	<u>8,800,398</u>
General revenues:						
Property taxes	57,156,993	56,692,006	-	-	57,156,993	56,692,006
Grants and entitlements	10,257,768	9,283,088	-	-	10,257,768	9,283,088
Investment earnings	1,275,157	729,971	-	-	1,275,157	729,971
Miscellaneous	1,218,775	430,894	-	-	1,218,775	430,894
Gain on sale of capital assets	10,240	39,830	-	-	10,240	39,830
Total general revenues	<u>69,918,933</u>	<u>67,175,789</u>	<u>-</u>	<u>-</u>	<u>69,918,933</u>	<u>67,175,789</u>
Total revenues	<u>76,932,498</u>	<u>72,390,400</u>	<u>3,375,318</u>	<u>3,585,787</u>	<u>80,307,816</u>	<u>75,976,187</u>
Expenses:						
Instruction	40,341,818	37,739,356	-	-	40,341,818	37,739,356
Support services:						
Pupil	5,235,034	4,855,476	-	-	5,235,034	4,855,476
Instructional staff	5,115,420	5,438,025	-	-	5,115,420	5,438,025
Board of Education	390,937	346,989	-	-	390,937	346,989
Administration	5,409,443	5,013,395	-	-	5,409,443	5,013,395
Fiscal	1,946,483	1,702,433	-	-	1,946,483	1,702,433
Business	514,215	488,820	-	-	514,215	488,820
Operation and maintenance of plant	7,539,647	8,604,249	-	-	7,539,647	8,604,249
Pupil transportation	4,035,873	3,782,287	-	-	4,035,873	3,782,287
Central	1,957,176	1,316,573	-	-	1,957,176	1,316,573
Non-instructional services	2,732,136	2,740,798	-	-	2,732,136	2,740,798
Interest and fiscal charges	3,499,610	138,719	-	-	3,499,610	138,719
Food services	-	-	2,478,656	2,389,282	2,478,656	2,389,282
Uniform school supplies	-	-	7,651	26,209	7,651	26,209
Early childhood programs	-	-	1,003,507	1,017,455	1,003,507	1,017,455
Total expenses	<u>78,717,792</u>	<u>72,167,120</u>	<u>3,489,814</u>	<u>3,432,946</u>	<u>82,207,606</u>	<u>75,600,066</u>
Change in net assets	\$ <u>(1,785,294)</u>	<u>223,280</u>	<u>(114,496)</u>	<u>152,841</u>	<u>(1,899,790)</u>	<u>376,121</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

Of the total governmental activities revenues of \$76,932,498, \$7,013,565 (9%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 82% (\$57,156,993) comes from property tax levies and 15% (\$10,257,768) is from state and federal funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

Property taxes increased 1.7% during the year. Most of this increase is the product of a restricted tax levy for debt service that totaled approximately \$1.7 million. However, personal property taxes were somewhat decreased due to the legislated phase-out. Grants for governmental activities have increased as a result of an aggressive grant application and prompt reimbursement strategy during the current fiscal year. Miscellaneous revenues increased due to higher volume of building and grounds charges, payment of lost book fees by students, and new employee background check charges.

Of the governmental activities expenses, instruction increased due to salary adjustments and increases in the cost of insurance benefits. The School District also purchased new textbooks and upgraded personal computers directly related to instruction. Interest and fiscal charges increased primarily due to debt service payments on the School Improvement Bonds.

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 9% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$40,341,818 but program revenue contributed to fund 10% of those costs. Thus, general revenues of \$36,374,287 were used to support of remainder of the instruction costs. The School District's governmental activities net assets decreased by (\$1,785,294) during the fiscal year due primarily to interest payments on the School Improvement Bonds, salary adjustments and cost of insurance benefits.

Governmental Activities

		<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost of Services</u>
Instruction	\$	40,341,818	3,967,531	10%	36,374,287
Support services		32,144,228	1,674,002	5%	30,470,226
Non-instructional services		2,732,136	1,372,032	50%	1,360,104
Interest and fiscal charges		<u>3,499,610</u>	<u>-</u>	0%	<u>3,499,610</u>
Total	\$	<u>78,717,792</u>	<u>7,013,565</u>	<u>9%</u>	<u>71,704,227</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

Business-type Activities

Net assets of the business-type activities decreased by (\$114,496) primarily due to normal operations.

The following table presents the total cost of each of the School District's business segments and the net cost after deducting the revenues generated by each segment. Charges and operating grants paid for 97% of the costs of Food Services.

Business-type Activities					
		<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost (Revenue) of Services</u>
Food services	\$	2,478,656	2,291,742	92%	186,914
Early childhood programs		1,003,507	1,053,486	105%	(49,979)
Uniform school supplies		<u>7,651</u>	<u>30,090</u>	393%	<u>(22,439)</u>
Total	\$	<u>3,489,814</u>	<u>3,375,318</u>	<u>97%</u>	<u>114,496</u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has three major governmental funds: the General Fund, Debt Service Fund and Building Fund. Assets of these funds comprise \$169,229,749 (99%) of the total \$171,418,481 governmental funds assets.

General Fund. Fund balance at June 30, 2004 was \$28,069,768, including \$13,841,444 of unreserved balance, which represents 20% of expenditures for fiscal year 2004. The primary reasons for the decrease in fund balance of \$5,373,766 were the decline in tax revenue (see brief discussion in Economic Factors) and increases in salaries and insurance benefits.

Debt Service Fund. Fund balance at June 30, 2004 was \$1,410,571. This fund will be used to accumulate resources to retire the \$85,000,000 of School Improvement Bonds issued during the fiscal year. This increase to the debt service fund is a direct result of the accumulation of taxes to repay the general long-term debt principal and interest.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

Building Fund. Fund balance at June 30, 2004 was \$82,856,446. The proceeds from the issuance of School Improvement Bonds will be used in this fund to construct new school buildings and renovate other buildings. The capital outlay expenditures incurred in the current fiscal year related primarily to land acquisition and architect fees. The increase to the building fund resulted from the proceeds of the \$85 million bond levy that was passed by the citizens of the School District.

GENERAL FUND BUDGETARY HIGHLIGHTS

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of the year, but primarily at the end of the year, the School District revises the budget in an attempt to deal with unexpected changes in revenues and expenditures. The variance in revenue is due to a decline in tangible personal property taxable value that resulted in approximately \$2.8 million less in tax revenue. The difference in expenditures was less than \$209,000 which represents less than 1% of the original budget. Due to the timing of the final revision, final budget figures are closely aligned with actual figures.

The schedule comparing the School District's original and final budgets and actual results is included in the required supplementary information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2004, the School District had \$11,595,725 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The total increase in the School District's investment in capital assets for the current fiscal year was approximately 6%. See Note 6 to the financial statements for more detail.

**Capital Assets at Year-End
(Net of Depreciation)**

		<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
		<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$	1,631,315	905,503	-	-	1,631,315	905,503
Construction in progress		3,077,445	-	-	-	3,077,445	-
Land improvements		712,974	842,849	-	-	712,974	842,849
Buildings and improvements		3,073,716	3,299,619	-	-	3,073,716	3,299,619
Equipment, furniture and books		2,243,099	2,218,611	243,435	274,607	2,486,534	2,493,218
Vehicles		613,741	748,353	-	-	613,741	748,353
Total	\$	<u>11,352,290</u>	<u>8,014,935</u>	<u>243,435</u>	<u>274,607</u>	<u>11,595,725</u>	<u>8,289,542</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2004
Unaudited

Major capital asset events during the current fiscal year included land acquisition and the initial costs for construction of new school buildings as well as a turf project for the high school stadium and the purchase of new software.

Debt

During the current year, the School District issued \$85,000,000 of School Improvement Bonds and entered into two lease-purchase agreements totaling \$1,603,000. At the end of the current fiscal year, the School District had total bonded debt outstanding of \$85,149,354. See Note 11 to the financial statements.

ECONOMIC FACTORS

A challenge facing the School District is the future of state funds. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance.

While the State has made some progress in resolving the school funding issue, the court ruled that the funding system is far too reliant on property taxes which are inherently not equitable or adequate for many districts. Princeton, however, receives 83% of its general funding from property taxes.

In the fiscal year 2004, Princeton experienced a \$61 million drop in valuation on its tangible personal property tax revenue which will result in an approximate decline of \$2.8 million in fiscal 2005 tax revenue. The School District countered with budget cuts in 2005 in order to delay asking taxpayers to approve an operating levy until 2006.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the Princeton City School District, Ohio, 25 West Sharon Avenue, Cincinnati, Ohio 45246.

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PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 104,533,079	835,463	105,368,542
Investment with fiscal agent	466,544	-	466,544
Receivables:			
Taxes	62,995,120	-	62,995,120
Accounts	194,434	15,252	209,686
Intergovernmental	993,761	219,729	1,213,490
Interest	229,022	-	229,022
Supplies inventory	283,085	19,343	302,428
Restricted cash and investments	592,611	-	592,611
Deferred charges	898,304	-	898,304
Nondepreciable capital assets	4,708,760	-	4,708,760
Depreciable capital assets, net	6,643,530	243,327	6,886,857
Total assets	182,538,250	1,333,114	183,871,364
Liabilities:			
Accounts payable	709,349	9,994	719,343
Accrued wages and benefits	5,416,381	157,874	5,574,255
Intergovernmental payable	1,754,264	154,631	1,908,895
Deferred revenue	46,018,323	-	46,018,323
Accrued interest payable	347,971	-	347,971
Long-term liabilities:			
Due within one year	1,204,003	12,929	1,216,932
Due within more than one year	90,196,881	51,578	90,248,459
Total liabilities	145,647,172	387,006	146,034,178
Net Assets:			
Invested in capital assets, net of related debt	4,510,135	243,327	4,753,462
Restricted for:			
Capital projects	1,283,874	-	1,283,874
Other purposes	2,643,536	-	2,643,536
Unrestricted	28,453,533	702,781	29,156,314
Total net assets	\$ 36,891,078	946,108	37,837,186

See accompanying notes to the basic financial statements.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Activities
Year Ended June 30, 2004

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	\$ 30,729,997	1,775,113	1,208,595
Special education	8,371,776	-	983,823
Other instruction	1,240,045	-	-
Support services:			
Pupil	5,235,034	-	608,630
Instructional staff	5,115,420	-	745,739
Board of Education	390,937	-	-
Administration	5,409,443	-	28,378
Fiscal	1,946,483	-	-
Business	514,215	-	-
Operation and maintenance of plant	7,539,647	-	176,227
Pupil transportation	4,035,873	-	4,198
Central	1,957,176	-	110,830
Non-instructional services:			
Extracurricular activities	1,512,373	108,621	-
Community service	1,219,763	-	1,263,411
Interest and fiscal charges	3,499,610	-	-
Total Governmental Activities	<u>78,717,792</u>	<u>1,883,734</u>	<u>5,129,831</u>
Business-Type Activities:			
Food Service	2,478,656	1,052,424	1,239,318
Uniform School Supplies	7,651	30,090	-
Early Childhood Programs	<u>1,003,507</u>	<u>1,053,486</u>	<u>-</u>
Total Business-Type Activities	<u>3,489,814</u>	<u>2,136,000</u>	<u>1,239,318</u>
	\$ <u>82,207,606</u>	<u>4,019,734</u>	<u>6,369,149</u>

General Revenues:

Property taxes, levied for general purposes
Property taxes, levied for debt service
Grants and entitlements not restricted to specific programs
Investment earnings
Miscellaneous
Gain on sale of capital assets
Total general revenues
Change in net assets
Net assets beginning of year
Net assets end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
\$	(27,746,289)	-	(27,746,289)
	(7,387,953)	-	(7,387,953)
	(1,240,045)	-	(1,240,045)
	(4,626,404)	-	(4,626,404)
	(4,369,681)	-	(4,369,681)
	(390,937)	-	(390,937)
	(5,381,065)	-	(5,381,065)
	(1,946,483)	-	(1,946,483)
	(514,215)	-	(514,215)
	(7,363,420)	-	(7,363,420)
	(4,031,675)	-	(4,031,675)
	(1,846,346)	-	(1,846,346)
	(1,403,752)	-	(1,403,752)
	43,648	-	43,648
	(3,499,610)	-	(3,499,610)
	<u>(71,704,227)</u>	<u>-</u>	<u>(71,704,227)</u>
	-	(186,914)	(186,914)
	-	22,439	22,439
	-	49,979	49,979
	<u>-</u>	<u>(114,496)</u>	<u>(114,496)</u>
	<u>(71,704,227)</u>	<u>(114,496)</u>	<u>(71,818,723)</u>
	53,769,180	-	53,769,180
	3,387,813	-	3,387,813
	10,257,768	-	10,257,768
	1,275,157	-	1,275,157
	1,218,775	-	1,218,775
	10,240	-	10,240
	<u>69,918,933</u>	<u>-</u>	<u>69,918,933</u>
	(1,785,294)	(114,496)	(1,899,790)
	<u>38,676,372</u>	<u>1,060,604</u>	<u>39,736,976</u>
\$	<u><u>36,891,078</u></u>	<u><u>946,108</u></u>	<u><u>37,837,186</u></u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Balance Sheet
 Governmental Funds
 June 30, 2004

	General	Debt Service Fund	Building Fund	Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 19,866,164	433,749	82,697,555	1,535,611
Cash with fiscal agents	-	-	466,544	-
Restricted cash and investments	592,611	-	-	-
Receivables:				
Taxes	57,704,372	5,290,748	-	-
Accounts	187,349	-	-	7,085
Accrued interest	108,007	-	121,015	-
Intergovernmental	347,725	-	-	646,036
Materials and supplies inventory	283,085	-	-	-
Interfund receivable	1,130,825	-	-	-
Total assets	<u>80,220,138</u>	<u>5,724,497</u>	<u>83,285,114</u>	<u>2,188,732</u>
Liabilities:				
Accounts payable	208,046	-	340,653	160,650
Accrued wages and benefits	5,288,812	-	-	127,569
Intergovernmental payable	1,120,716	-	-	65,179
Interfund payable	-	206,478	-	924,347
Compensated absences payable	294,738	-	-	29,649
Deferred revenue	45,238,058	4,107,448	88,015	11,073
Total liabilities	<u>52,150,370</u>	<u>4,313,926</u>	<u>428,668</u>	<u>1,318,467</u>
Fund Balances:				
Reserved for:				
Encumbrances	681,628	-	10,109,304	119,857
Budget stabilization	592,611	-	-	-
Property taxes	12,671,000	1,183,300	-	-
Materials and supplies inventory	283,085	-	-	-
Unreserved, reported in:				
General Fund	13,841,444	-	-	-
Special Revenue Funds	-	-	-	747,708
Debt Service Fund	-	227,271	-	-
Capital Projects Funds	-	-	72,747,142	2,700
Total fund balances	<u>28,069,768</u>	<u>1,410,571</u>	<u>82,856,446</u>	<u>870,265</u>
Total liabilities and fund balances	<u>\$ 80,220,138</u>	<u>5,724,497</u>	<u>83,285,114</u>	<u>2,188,732</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2004

<p style="text-align: center;">Total Governmental Funds</p> <hr/> <p>104,533,079</p> <p style="padding-left: 20px;">466,544</p> <p style="padding-left: 20px;">592,611</p> <p>62,995,120</p> <p style="padding-left: 20px;">194,434</p> <p style="padding-left: 20px;">229,022</p> <p style="padding-left: 20px;">993,761</p> <p style="padding-left: 20px;">283,085</p> <p style="padding-left: 20px;"><u>1,130,825</u></p> <p><u>171,418,481</u></p> <p>709,349</p> <p>5,416,381</p> <p>1,185,895</p> <p>1,130,825</p> <p style="padding-left: 20px;">324,387</p> <p style="padding-left: 20px;"><u>49,444,594</u></p> <p><u>58,211,431</u></p> <p>10,910,789</p> <p style="padding-left: 20px;">592,611</p> <p>13,854,300</p> <p style="padding-left: 20px;">283,085</p> <p>13,841,444</p> <p style="padding-left: 20px;">747,708</p> <p style="padding-left: 20px;">227,271</p> <p style="padding-left: 20px;"><u>72,749,842</u></p> <p><u>113,207,050</u></p> <p><u>171,418,481</u></p>	<p>Total Governmental Fund Balances \$ 113,207,050</p> <p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 11,352,290</p> <p>Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds. 3,426,271</p> <p>Deferred charges on the statement of net assets are not capitalized in the funds. \$898,304</p> <p>Long-term liabilities are not due and payable in the current current period and therefore are not reported in the funds:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 40px;">General obligation bonds</td> <td style="text-align: right;">87,217,833</td> </tr> <tr> <td style="padding-left: 40px;">Compensated absences</td> <td style="text-align: right;">1,698,591</td> </tr> <tr> <td style="padding-left: 40px;">Capital leases payable</td> <td style="text-align: right;">708,073</td> </tr> <tr> <td style="padding-left: 40px;">Pension obligation payable</td> <td style="text-align: right;">568,369</td> </tr> <tr> <td style="padding-left: 40px;">Lease purchase agreement</td> <td style="text-align: right;">1,452,000</td> </tr> <tr> <td style="padding-left: 40px;">Accrued interest payable</td> <td style="text-align: right;"><u>347,971</u></td> </tr> <tr> <td style="padding-left: 40px;">Total</td> <td style="text-align: right;"><u>(91,992,837)</u></td> </tr> </table> <p>Net Assets of Governmental Activities \$ <u>36,891,078</u></p>	General obligation bonds	87,217,833	Compensated absences	1,698,591	Capital leases payable	708,073	Pension obligation payable	568,369	Lease purchase agreement	1,452,000	Accrued interest payable	<u>347,971</u>	Total	<u>(91,992,837)</u>	
General obligation bonds	87,217,833															
Compensated absences	1,698,591															
Capital leases payable	708,073															
Pension obligation payable	568,369															
Lease purchase agreement	1,452,000															
Accrued interest payable	<u>347,971</u>															
Total	<u>(91,992,837)</u>															

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2004

	General	Debt Service Fund	Building Fund	Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 50,937,431	3,097,065	-	-
Tuition and fees	1,775,113	-	-	-
Interest	232,512	-	951,329	3,971
Intergovernmental	10,120,658	216,673	-	5,202,571
Other local revenues	1,156,865	-	-	164,141
Total revenues	<u>64,222,579</u>	<u>3,313,738</u>	<u>951,329</u>	<u>5,370,683</u>
Expenditures:				
Current:				
Instruction:				
Regular	29,107,751	-	-	1,000,014
Special education	7,431,495	-	-	930,460
Other instruction	1,232,448	-	-	-
Support services:				
Pupil	4,613,286	-	-	613,323
Instructional staff	4,382,728	-	-	674,496
Board of Education	382,610	-	-	-
Administration	5,288,565	-	-	77,745
Fiscal	1,816,930	27,474	331,012	1,361
Business	508,057	-	-	2,158
Operation and maintenance of plant	7,137,183	-	-	195,740
Pupil transportation	3,837,911	-	-	7,004
Central	1,532,863	-	453,070	179,851
Non-instructional services:				
Extracurricular activities	1,074,176	-	-	417,957
Community service	120,643	-	-	1,130,281
Capital outlay	63,318	-	3,803,257	-
Debt Service:				
Principal	377,533	304,999	-	-
Interest and fiscal charges	73,506	3,105,116	-	-
Bond issuance costs	-	918,140	-	-
Total expenditures	<u>68,981,003</u>	<u>4,355,729</u>	<u>4,587,339</u>	<u>5,230,390</u>
Excess of revenues over (under) expenditures	<u>(4,758,424)</u>	<u>(1,041,991)</u>	<u>(3,636,010)</u>	<u>140,293</u>
Other financing sources (uses):				
Transfers in	-	338,407	85,000,000	284,175
Transfers out	(622,582)	(85,000,000)	-	-
Sale of capital assets	7,240	-	3,000	-
Proceeds from sale of bonds	-	85,000,000	-	-
Premium on sale of bonds	-	2,114,155	-	-
Proceeds from lease purchase agreement	-	-	1,603,000	-
Total other financing sources (uses):	<u>(615,342)</u>	<u>2,452,562</u>	<u>86,606,000</u>	<u>284,175</u>
Net change in fund balance	(5,373,766)	1,410,571	82,969,990	424,468
Fund balance, beginning of year	33,443,534	-	(113,544)	445,797
Fund balance, end of year	\$ <u>28,069,768</u>	<u>1,410,571</u>	<u>82,856,446</u>	<u>870,265</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2004

Total Governmental Funds		\$ 79,431,263
	Net Change in Fund Balances - Total Governmental Funds	
54,034,496		
1,775,113	Amounts reported for governmental activities in the statement of activities are different because	
1,187,812		
15,539,902	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated estimated useful lives as depreciation expense.	
1,321,006	Capital outlay	4,687,583
73,858,329	Depreciation expense	<u>(1,350,228)</u> 3,337,355
30,107,765	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	153,999
8,361,955		
1,232,448		
5,226,609	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(346,828)
5,057,224		
382,610		
5,366,310	Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(173,980)
2,176,777		
510,215		
7,332,923	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,057,539
3,844,915		
2,165,784		
1,492,133	Repayment of capital lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.	377,533
1,250,924		
3,866,575		
682,532	Repayment of lease purchase agreement principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.	151,000
3,178,622		
918,140		
83,154,461		
(9,296,132)		
85,622,582	The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets:	
(85,622,582)	General obligation bonds	(85,000,000)
10,240	Lease purchase agreement	<u>(1,603,000)</u> (86,603,000)
85,000,000		
2,114,155	Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
1,603,000	Premium on sale of bonds	(2,068,479)
88,727,395	Bond issuance costs	<u>898,304</u> (1,170,175)
79,431,263		
33,775,787	Change in Net Assets of Governmental Activities	\$ <u>(1,785,294)</u>
113,207,050		

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets

Proprietary Funds

June 30, 2004

	<u>Nonmajor Enterprise Funds</u>
Assets:	
Current assets:	
Equity in pooled cash and investments	\$ 835,463
Receivables:	
Accounts	15,252
Intergovernmental	219,729
Materials and supplies inventory	<u>19,343</u>
Total current assets	<u>1,089,787</u>
Noncurrent assets:	
Capital assets, net	<u>243,327</u>
Total assets	<u><u>1,333,114</u></u>
Liabilities:	
Current liabilities:	
Accounts payable	9,994
Accrued wages	157,874
Intergovernmental payable	<u>154,631</u>
Total current liabilities	<u>322,499</u>
Noncurrent liabilities:	
Compensated absences	<u>64,507</u>
Total liabilities	<u><u>387,006</u></u>
Net Assets:	
Invested in capital assets, net of related debt	243,327
Unrestricted	<u>702,781</u>
Total net assets	\$ <u><u>946,108</u></u>

See accompanying notes to the basic financial statements.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2004

	<u>Nonmajor Enterprise Funds</u>
Operating revenues:	
Charges for services	\$ <u>2,136,000</u>
Total operating revenues	<u>2,136,000</u>
Operating expenses:	
Salaries and wages	1,623,693
Fringe benefits	637,918
Contractual services	26,212
Materials and supplies	1,160,650
Depreciation	34,991
Other expenses	<u>6,350</u>
Total operating expenses	<u>3,489,814</u>
Operating loss	(1,353,814)
Nonoperating revenues:	
Operating grants	1,236,602
Interest income	<u>2,716</u>
Total nonoperating revenues	<u>1,239,318</u>
Net loss	(114,496)
Net assets, beginning of year	<u>1,060,604</u>
Net assets, end of year	\$ <u><u>946,108</u></u>

See accompanying notes to the basic financial statements.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2004

	Nonmajor Enterprise Funds
Cash flows from operating activities:	
Cash received from customers	\$ 2,181,624
Cash payments for personal services	(2,160,968)
Cash payments for contract services	(28,075)
Cash payments for supplies and materials	(1,014,618)
Cash payments for other expenses	(31,220)
Net cash used by operating activities	<u>(1,053,257)</u>
Cash flows from noncapital financing activities:	
Cash received from operating grants	<u>1,122,297</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(3,711)</u>
Cash flows from investing activities:	
Investment income	<u>2,716</u>
Net increase in cash and investments	68,045
Cash and investments at beginning of year	<u>767,418</u>
Cash and investments at end of year	\$ <u><u>835,463</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(1,353,814)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	34,991
Donated commodities used	119,819
Changes in assets and liabilities:	
Accounts receivable	45,624
Accounts payable	(27,690)
Supplies inventory	27,170
Accrued wages and benefits	(9,415)
Intergovernmental payable	73,349
Compensated absences payable	<u>36,709</u>
Net cash used by operating activities	\$ <u><u>(1,053,257)</u></u>

See accompanying notes to the basic financial statements.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets

Fiduciary Funds

June 30, 2004

		<u>Private Purpose Trusts</u>	<u>Agency Fund</u>
ASSETS			
Equity in pooled cash and investments	\$	<u>383,483</u>	<u>38,601</u>
Total assets		<u><u>383,483</u></u>	<u><u>38,601</u></u>
LIABILITIES			
Due to student groups		<u>-</u>	<u>38,601</u>
Total liabilities		<u>-</u>	<u><u>38,601</u></u>
NET ASSETS			
Held in trust	\$	<u><u>383,483</u></u>	

See accompanying notes to the basic financial statements.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Changes in Net Assets

Fiduciary Funds

Year Ended June 30, 2004

	<u>Private- Purpose Trust Funds</u>
Additions:	
Contributions	\$ 11,572
Interest	<u>2,743</u>
Total additions	<u>14,315</u>
Deductions:	
Community gifts, awards and scholarships	<u>17,094</u>
Total deductions	<u>17,094</u>
Change in net assets	(2,779)
Net assets, beginning of year	<u>386,262</u>
Net assets, end of year	\$ <u><u>383,483</u></u>

See accompanying notes to the basic financial statements.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Princeton City School District, Ohio (the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Reporting Entity

The School District is a consolidation of nine school districts originally chartered by the Ohio State Legislature. In 1853, state laws were enacted to create local Boards of Education. Today, the School District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.09 of the Ohio Revised Code. The School District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal guidelines. This Board controls the School District's instructional and support facilities to provide services to students and other community members.

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

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

The following activity is included within the reporting entity:

Parochial and Private Schools - Within the School District boundaries, several parochial and private schools are operated. Current State legislation provides funding to these schools, which is received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the schools. The administration of the State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with two jointly governed organizations. These organizations are the Hamilton Clermont Cooperative Association/Unified Purchasing Association and Great Oaks Institute of Technology and Career Development. The organizations are presented in Note 14 to the basic financial statements.

B. Basis of Presentation

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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 School 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 School District.

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental and proprietary financial statements is on major funds rather than reporting funds 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 fund type.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets.

Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

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 School District's major governmental funds:

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

Debt Service Fund - This fund is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Building Fund - This fund is being used to account for transactions related to the construction and renovation of school buildings.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

Proprietary funds are used to account for the School District's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The School District has no major proprietary funds.

Fiduciary Funds report on net assets and changes in net assets. The School District's fiduciary funds consist of private-purpose trust funds and an agency fund. The School District's private-purpose trust fund accounts for scholarship programs for students. These assets are not available for the School District's use. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

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. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, proprietary funds and fiduciary funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues - Exchange and Non-exchange transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

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

Deferred Revenue Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2004 which are intended to finance fiscal year 2005 operations have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function within each fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Hamilton County Budget Commission for rate determination.

Estimated Resources. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2004.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriate resolutions, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. The Board passed supplemental appropriations during the fiscal year.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" in the financial statements.

During fiscal year 2004, the District's investments were limited to US Treasury notes, US Agency securities, money market funds, and the State Treasury Assets Reserve of Ohio (STAR Ohio). Cash received through the lease-purchase agreements is held in a separate bank account by National City Bank and is presented on the financial statements as "Investments with Fiscal Agent" and represents investments.

STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value be reported in the operating statement. The School District recorded investments held at June 30, 2004 at fair value.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

For purposes of the statement of cash flows, the proprietary fund portion of equity in pooled cash and investments is considered to be liquid because each fund's portion of the pool can be accessed without prior notice or penalty.

G. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used. Inventory in governmental funds consists of expendable supplies. The cost of inventory items is recorded as an expenditure in the governmental fund types when used. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$1,500 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

All reported capital assets except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	50 years
Land improvements	20 years
Building improvements	20 - 30 years
Equipment and furniture other than vehicles	5-20 years
Software	6 years
Library books	6 years
Vehicles	8 years

I. Interfund Balances

On fund financials, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities column of the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

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 School District has identified as probable of receiving payment 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 School District's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above.

L. Fund Balance Reserves

The School District records reservations for portions of fund equity that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, inventory, and budget reserve set-asides.

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

M. Restricted Assets

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

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

N. 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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Estimates

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

2. ACCOUNTABILITY

Deficit Fund Balances

At June 30, 2004, the following funds had deficit fund balances:

Special Revenue Funds:	
Title III Fund	\$ 14,161
Title VI Fund	229,250

These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

3. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School 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 either be 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.

Interim deposits are deposits of interim monies. Interim monies are those monies that 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 or deposit accounts including pass book accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies are permitted to 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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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;

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

3. Written repurchase agreements in the securities listed above provided that the market 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 market 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 (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one 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.

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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the School District's deposits was \$924,538 and the bank balance was \$1,496,681. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,396,681 was uninsured and uncollateralized as defined by GASB. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio, investment with Bayerische Hypd Und Verinsbank and money market funds are unclassified because they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Fair Value</u>
STAR Ohio	\$ -	1,527,042
Investment with Bayerische Hypd Und Verinsbank	-	466,544
Money market fund	-	50,601
U.S. Agency securities	<u>103,881,056</u>	<u>103,881,056</u>
	\$ <u>103,881,056</u>	<u>105,925,243</u>

4. 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 School 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 taxes are established by State law at 35 percent of appraised market value. All 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 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate 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 School District receives property taxes primarily from Hamilton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available for advance can vary based on the date the tax bills are sent.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2004. 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 amounts available for advance at June 30, 2004 were \$12,671,000 and \$1,183,300 in the General Fund and Debt Service Fund, respectively.

The assessed values upon which fiscal year 2004 taxes were collected are:

	<u>2003 Second- Half Collections</u>		<u>2004 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 1,389,942,760	72.24%	1,358,732,160	74.27%
Public Utility	67,898,950	3.53%	66,068,790	3.61%
Tangible Personal Property	<u>466,183,196</u>	24.23%	<u>404,687,168</u>	22.12%
Total Assessed Value	\$ <u>1,924,024,906</u>	100.00%	<u>1,829,488,118</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$45.79		\$49.03

5. INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund has a receivable of \$1,130,825 that consists of \$206,478 and \$924,347 due from the Debt Service Fund and nonmajor governmental funds, respectively. These interfund loans were made to provide operating capital.

During the year ended June 30, 2004, the General Fund made transfers of \$622,582 in amounts of \$338,407 and \$284,175 to the Debt Service Fund and nonmajor governmental funds, respectively. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2004 was as follows:

	Balance 7/1/03	Additions	Disposals	Balance 6/30/04
<i>Governmental Activities</i>				
Non-depreciable:				
Land	\$ 905,503	725,812	-	1,631,315
Construction in progress	-	3,077,445	-	3,077,445
Subtotal	<u>905,503</u>	<u>3,803,257</u>	<u>-</u>	<u>4,708,760</u>
Depreciable:				
Land improvements	3,840,659	-	-	3,840,659
Buildings and improvements	19,057,557	-	-	19,057,557
Equipment, furniture and books	5,724,935	828,979	-	6,553,914
Vehicles	3,883,856	55,347	(79,137)	3,860,066
Subtotal	<u>32,507,007</u>	<u>884,326</u>	<u>(79,137)</u>	<u>33,312,196</u>
Totals at historical cost	<u>33,412,510</u>	<u>4,687,583</u>	<u>(79,137)</u>	<u>38,020,956</u>
Less accumulated depreciation:				
Land improvements	2,997,810	129,875	-	3,127,685
Buildings and improvements	15,757,938	225,903	-	15,983,841
Equipment, furniture and books	3,506,324	804,491	-	4,310,815
Vehicles	3,135,503	189,959	(79,137)	3,246,325
Total accumulated depreciation	<u>25,397,575</u>	<u>1,350,228</u>	<u>(79,137)</u>	<u>26,668,666</u>
Capital assets, net	<u>\$ 8,014,935</u>	<u>3,337,355</u>	<u>-</u>	<u>11,352,290</u>
	Balance 7/1/03	Additions	Disposals	Balance 6/30/04
<i>Business-type Activities:</i>				
Furniture and equipment	\$ 611,069	3,711	-	614,780
Less accumulated depreciation	<u>336,462</u>	<u>34,883</u>	<u>-</u>	<u>371,345</u>
Capital assets, net	<u>\$ 274,607</u>	<u>(31,172)</u>	<u>-</u>	<u>243,435</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	705,233
Special		1,821
Other		6,097
Support services:		
Pupil		2,170
Instructional staff		43,196
Board of Education		8,327
Administration		8,133
Fiscal		823
Operation and maintenance of plant		274,855
Pupil transportation		188,859
Central		86,479
Extracurricular activities		<u>24,235</u>
Total depreciation expense	\$	<u>1,350,228</u>

Depreciation expense of \$34,487 and \$396 was charged to the food services segment and early childhood segment, respectively.

7. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District carries commercial general liability insurance against these risks and all other risks of loss. 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.

8. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the SERS, 300 East Broad, Columbus, Ohio 43215.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. 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 School District's required contributions to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were approximately \$1,855,000, \$1,842,000, and \$1,768,000 respectively; 39% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002. The current portion of the contribution for fiscal year 2004 is recorded as a liability within the respective funds and full liability is recorded on the government-wide financial statements.

State Teachers Retirement System

The School 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 basis 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 issued a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and 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. Benefits are established by Chapter 3307 of the Ohio Revised Code. A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for 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.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the years ended June 30, 2004, 2003, and 2002 were approximately \$4,775,000, \$4,515,000 and \$4,371,000 respectively; 84% has been contributed for fiscal year 2004 and 100% for fiscal years 2003 and 2002. The unpaid contribution for fiscal year 2004 is recorded as a liability within the respective funds.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. The School District's liability is 6.2% of wages paid.

9. POSTEMPLOYMENT BENEFITS

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

STRS has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the year ended June 30, 2004, the board allocated employer contributions equal to 1.00% of covered payroll to the Health Care Reserve Fund. For the School District, this amount was approximately \$341,000 during fiscal year 2004. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$2.8 million at June 30, 2003. For the year ended June 30, 2003, net health care costs paid by STRS were \$352.3 million and STRS had 108,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the year ended June 30, 2003 were \$223.4 million and the target level was \$335.2 million. At June 30, 2003, SERS' net assets available for payment of health care benefits was \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits, including the surcharge, was approximately \$853,000 during the 2004 fiscal year.

10. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers 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 maximum of 255 days for teachers, 279 days for administrators and 265 days for classified staff. Upon retirement, payment is made for twenty-five percent of the employee's accumulated sick leave.

11. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2004 were as follows:

	Principal Outstanding 7/1/03	Additions	Reductions	Principal Outstanding 6/30/04	Amounts Due in One Year
Governmental Activities:					
General obligation bonds:					
Energy Conservation	\$ 303,353	-	(153,999)	149,354	149,354
School Improvement	-	85,000,000	-	85,000,000	245,000
Issuance premiums	-	2,114,155	(45,676)	2,068,479	-
Capital leases payable	1,085,606	-	(377,533)	708,073	359,262
Lease-purchase agreements	-	1,603,000	(151,000)	1,452,000	126,000
Compensated absences	1,525,470	497,508	-	2,022,978	324,387
Total	\$ 2,914,429	89,214,663	(728,208)	91,400,884	1,204,003
Business-type Activities:					
Compensated absences	\$ 23,536	40,971	-	64,507	12,929

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

Energy Conservation Bonds – The School District issued Energy Conservation bonds on June 7, 2000 bearing interest at 5.90%. These bonds mature on May 7, 2005 and are being paid from the Debt Service Fund. Principal and interest requirements to retire the energy conservation bonds outstanding at June 30, 2004, are \$149,354 and \$4,442, respectively.

School Improvement Bonds – The School District issued School Improvement Bonds on December 1, 2003 in the amount of \$85,000,000 for the construction of new school buildings and renovation of certain existing buildings. These bonds mature on December 1, 2030 and pay interest at 4.77%. The bonds will be paid from the Debt Service Fund. Principal and interest requirements to retire the school improvements bonds are as follows:

Fiscal Year Ending June 30,		Principal	Interest	Total
2005	\$	245,000	4,012,095	4,257,095
2006		1,325,000	3,996,395	5,321,395
2007		1,510,000	3,968,045	5,478,045
2008		1,560,000	3,937,345	5,497,345
2009		1,605,000	3,889,645	5,494,645
2010 - 2014		6,955,000	18,705,384	25,660,384
2015 - 2019		11,160,000	16,689,206	27,849,206
2020 - 2024		18,185,000	12,940,875	31,125,875
2025 - 2029		27,910,000	7,290,800	35,200,800
2030 - 2031		<u>14,545,000</u>	<u>745,375</u>	<u>15,290,375</u>
Total	\$	<u>85,000,000</u>	<u>76,175,165</u>	<u>161,175,165</u>

During the fiscal year, the School District authorized financing for High School stadium turf and software acquisition in the amounts of \$794,000 and \$809,000, respectively with a lease-purchase agreement with Rickenbacker Port Authority (RPA) which will retain title to the projects during the lease term. RPA assigned National City Bank as trustee which deposited the full amounts of the lease-purchase agreements with a fiscal agent. The School District is reimbursed for expenditures as the work is completed. The School District is required to make semiannual payments of interest and annual payments of principal lease with final maturity in 2009. Interest rates are based on a calculation of the TBMA Index. Future minimum payments, payable from the Debt Service Fund, are as follows

Fiscal Year Ending June 30,		Principal	Interest	Total
2005	\$	126,000	25,897	151,897
2006		318,000	37,513	355,513
2007		326,000	28,673	354,673
2008		335,000	18,240	353,240
2009		<u>347,000</u>	<u>6,325</u>	<u>353,325</u>
Total	\$	<u>1,452,000</u>	<u>116,648</u>	<u>1,568,648</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences payable will be paid from the fund from which the employees' salaries are paid. The capital leases will be paid from the General Fund. The School District's overall legal debt margin was \$79,653,931 with an unvoted debt margin of \$1,829,488 at June 30, 2004.

12. SHORT TERM OBLIGATIONS

The School District sold \$85,000,000 of bond anticipation notes in July 2003 with an interest rate of 1.35%. The bond anticipation notes matured in January 2004 and were retired with the proceeds from general obligation school improvement bonds.

13. CAPITALIZED LEASES

The School District is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled \$1,846,746 at June 30, 2004 with accumulated depreciation of \$1,416,074. The following is a schedule of future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004:

Year Ending June 30		
2005	\$	402,028
2006		238,733
2007		125,375
2008		<u>9,148</u>
Minimum lease payments		775,284
Less: Amount representing interest		<u>67,211</u>
Present value of minimum lease payments	\$	<u><u>708,073</u></u>

14. JOINTLY GOVERNED ORGANIZATIONS

The Hamilton/Clermont Cooperative Association

The School District is a participant in a consortium of school districts to operate The Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of H/CCA consists of one representative from each of the participating members. Complete financial statements can be obtained for H/CCA at 7615 Harrison Avenue, Cincinnati 45231.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

The Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for Great Oaks. To obtain financial information, write to Great Oaks at 3254 East Kemper Road, Cincinnati, Ohio 45241.

15. CONTINGENCIES

Grants

The School 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 are 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 School District at June 30, 2004.

Litigation

The School District is not currently party to legal proceedings.

16. REQUIRED SET-ASIDES

The School District is required by State statute to annually set aside in the general fund an amount based on the statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2004

The following cash basis information describes the change in the year-end set aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

		<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside balance as of June 30, 2003	\$	(1,311,396)	-	592,611
Current year set-aside requirement		862,531	862,531	-
Less qualifying disbursements		<u>(2,268,773)</u>	<u>(2,251,672)</u>	<u>-</u>
Total		<u>(2,717,638)</u>	<u>(1,389,141)</u>	<u>592,611</u>
Balance carried to FY2005		<u>(2,717,638)</u>	<u>-</u>	<u>592,611</u>
Cash balance as of June 30, 2004	\$	<u>-</u>	<u>-</u>	<u>592,611</u>

Since the School District had offsets and qualifying disbursements during the year that reduced the set aside amount for textbooks and instructional materials to below zero, these extra amounts may be used to reduce the set aside requirements of future years. However, the excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years.

The Ohio General Assembly eliminated the requirement for the budget stabilization reserve and effective April 10, 2001, the Board of Education could choose to eliminate the reserve with the exception of rebates received from the Bureau of Workers Compensation. The School District chose not to reduce its budget stabilization reserve.

17. SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding system 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 School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

18. SUBSEQUENT EVENT

In November 2004, the School District authorized financing for the purchase of buses and vans in the amount of \$558,000 with a lease-purchase agreement through the Ohio Association of School Business Official's Expanded Asset Pooled Financing Program.

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 58,282,448	\$ 54,414,891	\$ 53,741,211	\$ (673,680)
Tuition	575,297	597,766	1,724,491	1,126,725
Earnings on investments	486,087	486,087	486,087	-
Other revenues	457,689	699,825	996,945	297,120
Intermediate sources	28,454	28,454	28,454	-
Intergovernmental - State	10,155,524	10,167,260	9,800,073	(367,187)
Intergovernmental - Federal	144,015	144,015	144,015	-
Total revenues	70,129,514	66,538,298	66,921,276	382,978
Expenditures:				
Current:				
Instruction	\$ 37,065,350	\$ 37,865,755	\$ 37,813,117	\$ 52,638
Support services	31,815,746	31,051,228	30,856,235	194,993
Operation of non-instructional services	129,969	112,935	112,935	-
Extracurricular activities	1,026,300	987,429	987,429	-
Facilities acquisition and construction services	269,425	80,950	80,950	-
Total expenditures	70,306,790	70,098,297	69,850,666	247,631
Excess (deficiency) of revenues over (under) expenditures	(177,276)	(3,559,999)	(2,929,390)	630,609
Other financing sources (uses):				
Operating transfers in		12,000	12,000	-
Operating transfers (out)	(963,880)	(703,067)	(702,582)	485
Advances in		540,882	540,882	-
Advances (out)	(1,430,825)	(1,130,825)	(1,130,825)	-
Proceeds of sale of fixed assets		7,240	7,240	-
Refund of prior year expenditures		117,409	117,409	-
Refund of prior year receipts	(2,151)	(2,151)	(2,151)	-
Total other financing sources (uses)	(2,396,856)	(1,158,512)	(1,158,027)	485
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,574,132)	(4,718,511)	(4,087,417)	631,094
Fund balance, July 1	23,699,744	23,699,744	23,699,744	-
Prior year encumbrances appropriated	242,030	242,030	242,030	-
Fund balance, June 30	\$ 21,367,642	\$ 19,223,263	\$ 19,854,357	\$ 631,094

PRINCETON CITY SCHOOL DISTRICT, OHIO
 Notes to Required Supplementary Information
 Year Ended June 30, 2004

Note A Budgetary Basis of Accounting

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

Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

	<u>General</u>
Net change in fund balance – GAAP Basis	\$ (5,373,766)
Increase / (decrease):	
Due to revenues	2,698,697
Due to expenditures	(143,401)
Due to other sources (uses)	(542,685)
Due to encumbrances	<u>(726,262)</u>
Excess of revenues and other sources over (under) expenditures and other uses – Budget Basis	<u>\$ (4,087,417)</u>

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COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

NONMAJOR SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trust) that are legally restricted to expenditure for specified purposes. The following are descriptions of each Special Revenue Fund:

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

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

VENTURE CAPITAL: To account for unrestricted grants provided by the State Department of Education to individual schools within the District to improve classroom practices, assessment, and professional development.

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

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

CAREER DEVELOPMENT: To account for state and federal funds which are provided to introduce various career opportunities to students.

TEACHER DEVELOPMENT: To account for state funded receipts and expenditures necessary for providing assistance to local school districts for the development of in-service programs.

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

ENTRY YEAR: To account for state funds which are provided to establish an entry year program for beginning year teachers that hold two year provisional licenses and are teaching in their licensed field.

DISADVANTAGED PUPIL IMPACT AID: To account for the provision of state funds to economically deprived pupils. The funds are grants designed to help level out the economic differences between students.

DATA COMMUNICATIONS: To account for state funds appropriated for Ohio Educational Computer Network Connections.

SCHOOL NET PROFESSIONAL DEVELOPMENT: To account for state funds to be used for a limited number of professional development subsidy grants.

OHIO READS: To account for state funds to improve reading outcomes, especially on the fourth grade reading proficiency test and to pay for operating expenses associated with administering the program.

STUDENT INTERVENTION: To account for state funds used to provide tutoring and other focused supplemental supports for children most at risk in reading and mathematics.

VOCATIONAL EDUCATION ENHANCEMENT: To account for state funds used to expand the number of students enrolled in tech prep programs, enable students to develop career plans, and replace or update vocational program equipment.

ALTERNATIVE SCHOOLS: To account for state funds used for alternative educational programs for existing and new at-risk and delinquent youth.

MISCELLANEOUS STATE GRANTS: To account for state funds that were originally legally restricted to expenditures for specified purposes. The residual balances are not legally required to be appropriated and, therefore, were not.

TITLE II: To account for federal funds used to expand the awareness of elementary grade teachers in the area of science and math education through inservice training.

TITLE VI-B: To account for federal funds received for the purpose of assisting in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternate service patterns, and provision of full educational opportunities to handicapped children at preschool.

VOCATIONAL EDUCATION: To account for federal funds used in the development of vocational education programs in the following categories: secondary, post-secondary, adult, disadvantaged and handicapped persons, cooperative education, advisory committees, and work-study projects.

TITLE III: To account for federal funds used in the development of elementary and secondary school programs, including activities at the preschool level, to meet the educational needs of children of limited English proficiency.

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

TITLE V: To account for federal funds used to provide programs for at-risk students; instructional materials to improve the quality of instruction for children most at-risk in the areas of English/Language Arts and Mathematics; and programs and services for students who are in need of learning environments that will foster academic success.

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

EARLY CHILDHOOD SPECIAL EDUCATION: To account for federal funds to be used to improve and expand the services to handicapped children ages three through five.

TITLE II-A: To account for federal funds used to increase teacher effectiveness through quality professional development sessions based on standards-based instruction.

MISCELLANEOUS FEDERAL GRANT: To account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere.

NONMAJOR DEBT SERVICE FUND

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

DEBT SERVICE: To account for the accumulation of resources for, and the payment of, general long-term principal and interest.

NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Project Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings and additions to existing buildings, or for major renovation projects, including equipment purchases other than those financed by Proprietary or Nonexpendable Trust Funds. The following are descriptions of each Capital Projects Fund:

PERMANENT IMPROVEMENT: To account for all transactions related to acquiring, constructing, or improving such permanent improvements as are authorized by Chapter 5705, Revised Code.

BUILDING: To account for revenues and expenditures related to all special bond funds in the District. Proceeds from the sale of bonds, except premium and accrued interest, are paid into this fund.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Permanent Improvement Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 1,532,911	2,700	1,535,611
Net receivables:			
Accounts	7,085	-	7,085
Intergovernmental	646,036	-	646,036
Total assets	<u>2,186,032</u>	<u>2,700</u>	<u>2,188,732</u>
Liabilities:			
Accounts payable	160,650	-	160,650
Accrued wages and benefits	127,569	-	127,569
Intergovernmental payable	65,179	-	65,179
Deferred revenue	11,073	-	11,073
Interfund payable	924,347	-	924,347
Compensated absences payable	29,649	-	29,649
Total liabilities	<u>1,318,467</u>	<u>-</u>	<u>1,318,467</u>
Fund Balances:			
Reserved for:			
Encumbrances	119,857	-	119,857
Unreserved, reported in:			
Special Revenue Funds	747,708	-	747,708
Capital Projects Funds	-	2,700	2,700
Total fund balances	<u>867,565</u>	<u>2,700</u>	<u>870,265</u>
Total liabilities and fund balances	\$ <u>2,186,032</u>	<u>2,700</u>	<u>2,188,732</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Permanent Improvement Fund	Total Nonmajor Governmental Funds
Revenues:			
Interest	\$ 3,944	27	3,971
Other local revenues	164,141	-	164,141
Intergovernmental	<u>5,202,571</u>	-	<u>5,202,571</u>
Total revenues	<u>5,370,656</u>	<u>27</u>	<u>5,370,683</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,000,014	-	1,000,014
Special	930,460	-	930,460
Support services:			
Pupil	613,323	-	613,323
Instructional staff	674,496	-	674,496
School administration	77,745	-	77,745
Fiscal	1,361	-	1,361
Business	2,158	-	2,158
Operations and maintenance	195,740	-	195,740
Pupil transportation	7,004	-	7,004
Central	179,851	-	179,851
Community services	1,130,281	-	1,130,281
Non-instructional services:			
Extracurricular activities	<u>417,957</u>	-	<u>417,957</u>
Total expenditures	<u>5,230,390</u>	<u>-</u>	<u>5,230,390</u>
Excess of revenues over (under) expenditures	<u>140,266</u>	<u>27</u>	<u>140,293</u>
Other financing sources			
Operating transfers in	<u>284,175</u>	-	<u>284,175</u>
Total other financing sources	<u>284,175</u>	<u>-</u>	<u>284,175</u>
Net change in fund balances	424,441	27	424,468
Fund balance, beginning of year	<u>443,124</u>	<u>2,673</u>	<u>445,797</u>
Fund balance, end of year	<u>\$ 867,565</u>	<u>2,700</u>	<u>870,265</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2004

	Public School Support	Other Grants	Venture Capital	Athletic	Auxiliary Service	Career Development
Assets:						
Equity in pooled cash and investments	\$ 127,695	3,067	990	31,699	526,457	23,448
Net receivables:						
Accounts	582	-	-	2,502	3,898	-
Intergovernmental	-	-	-	-	3,764	-
Total assets	<u>128,277</u>	<u>3,067</u>	<u>990</u>	<u>34,201</u>	<u>534,119</u>	<u>23,448</u>
Liabilities:						
Accounts payable	293	-	-	3,631	44,475	-
Accrued wages and benefits	-	-	-	318	7,454	-
Intergovernmental payable	47	-	-	26,430	4,977	-
Deferred revenue	-	-	-	-	3,764	-
Interfund loans payable	-	-	-	-	238,416	-
Compensated absences payable	-	-	-	-	-	-
Total liabilities	<u>340</u>	<u>-</u>	<u>-</u>	<u>30,379</u>	<u>299,086</u>	<u>-</u>
Fund Balances:						
Fund Balances						
Reserved for:						
Encumbrances	-	-	-	4,302	42,601	-
Unreserved-undesignated	127,937	3,067	990	(480)	192,432	23,448
Total fund balances	<u>127,937</u>	<u>3,067</u>	<u>990</u>	<u>3,822</u>	<u>235,033</u>	<u>23,448</u>
Total liabilities and fund balances \$	<u>128,277</u>	<u>3,067</u>	<u>990</u>	<u>34,201</u>	<u>534,119</u>	<u>23,448</u>

<u>Teacher Develop- ment</u>	<u>Education Management Information Systems</u>	<u>Entry Year</u>	<u>Disadvantaged Pupil Impact Aid</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Student Intervention</u>	<u>Vocational Education Enhancement</u>
-	15,031	2,147	6,354	2	4,140	19,858	39,680	9,859
-	-	-	-	-	-	-	103	-
-	-	-	-	-	-	-	68,118	-
<u>-</u>	<u>15,031</u>	<u>2,147</u>	<u>6,354</u>	<u>2</u>	<u>4,140</u>	<u>19,858</u>	<u>107,901</u>	<u>9,859</u>
-	6,479	-	-	-	-	-	42,867	-
-	-	405	-	-	-	-	184	-
-	-	434	-	-	22	519	223	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	47,566	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>6,479</u>	<u>839</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>519</u>	<u>90,840</u>	<u>-</u>
-	-	-	-	-	-	6,462	380	-
<u>-</u>	<u>8,552</u>	<u>1,308</u>	<u>6,354</u>	<u>2</u>	<u>4,118</u>	<u>12,877</u>	<u>16,681</u>	<u>9,859</u>
<u>-</u>	<u>8,552</u>	<u>1,308</u>	<u>6,354</u>	<u>2</u>	<u>4,118</u>	<u>19,339</u>	<u>17,061</u>	<u>9,859</u>
<u>-</u>	<u>15,031</u>	<u>2,147</u>	<u>6,354</u>	<u>2</u>	<u>4,140</u>	<u>19,858</u>	<u>107,901</u>	<u>9,859</u>

(Continued)

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2004
 (Continued)

	Alternative Schools	Misc. State Grants	Title II	Title VI-B	Vocational Education	Title III
Assets:						
Equity in pooled cash and investments	\$ 14,478	127,965	-	128,872	11,807	2,954
Net receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	13,021	-	-	205,050	-	25,334
Total assets	<u>27,499</u>	<u>127,965</u>	<u>-</u>	<u>333,922</u>	<u>11,807</u>	<u>28,288</u>
Liabilities:						
Accounts payable	-	-	-	30,553	-	3,074
Accrued wages and benefits	-	1,776	-	28,803	-	-
Intergovernmental payable	325	1,259	-	12,580	-	436
Deferred revenue	-	-	-	7,309	-	-
Interfund loans payable	5,206	-	-	199,766	-	38,939
Compensated absences payable	-	-	-	-	-	-
Total liabilities	<u>5,531</u>	<u>3,035</u>	<u>-</u>	<u>279,011</u>	<u>-</u>	<u>42,449</u>
Fund Balances:						
Fund Balances						
Reserved for:						
Encumbrances	2,370	3,047	-	21,843	-	1,371
Unreserved-undesignated	19,598	121,883	-	33,068	11,807	(15,532)
Total fund balances	<u>21,968</u>	<u>124,930</u>	<u>-</u>	<u>54,911</u>	<u>11,807</u>	<u>(14,161)</u>
Total liabilities and fund balances \$	<u>27,499</u>	<u>127,965</u>	<u>-</u>	<u>333,922</u>	<u>11,807</u>	<u>28,288</u>

<u>Title I</u>	<u>Title VI</u>	<u>Title IV</u>	<u>Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Misc. Federal Grants</u>	<u>TOTAL</u>
6,222	80,970	10,656	1,679	225,476	111,405	1,532,911
-	-	-	-	-	-	7,085
<u>314,340</u>	<u>-</u>	<u>14,076</u>	<u>-</u>	<u>-</u>	<u>2,333</u>	<u>646,036</u>
<u>320,562</u>	<u>80,970</u>	<u>24,732</u>	<u>1,679</u>	<u>225,476</u>	<u>113,738</u>	<u>2,186,032</u>
23,290	1,101	4,887	-	-	-	160,650
86,538	-	1,217	-	874	-	127,569
14,399	285	224	-	1,819	1,200	65,179
-	-	-	-	-	-	11,073
49,431	308,834	2,574	-	-	33,615	924,347
<u>29,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,649</u>
<u>203,307</u>	<u>310,220</u>	<u>8,902</u>	<u>-</u>	<u>2,693</u>	<u>34,815</u>	<u>1,318,467</u>
31,127	426	4,643	-	423	862	119,857
<u>86,128</u>	<u>(229,676)</u>	<u>11,187</u>	<u>1,679</u>	<u>222,360</u>	<u>78,061</u>	<u>747,708</u>
<u>117,255</u>	<u>(229,250)</u>	<u>15,830</u>	<u>1,679</u>	<u>222,783</u>	<u>78,923</u>	<u>867,565</u>
<u>320,562</u>	<u>80,970</u>	<u>24,732</u>	<u>1,679</u>	<u>225,476</u>	<u>113,738</u>	<u>2,186,032</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Nonmajor Special Revenue Funds
Year Ended June 30, 2004

	Public School Support	Other Grants	Venture Capital	Athletic	Auxiliary Service	Career Development
Revenues:						
Earnings on investments	\$ -	-	-	-	3,944	-
Other local revenues	84,709	1,000	-	108,621	-	-
Intergovernmental	-	164,121	-	-	1,145,182	-
Total revenues	<u>84,709</u>	<u>165,121</u>	<u>-</u>	<u>108,621</u>	<u>1,149,126</u>	<u>-</u>
Expenditures:						
Current:						
Instruction:						
Regular	27,197	-	-	-	-	-
Special	-	-	-	-	-	-
Support services:						
Pupil	2,297	-	-	-	-	-
Instructional staff	-	-	-	-	-	-
School administration	49,705	-	-	-	-	-
Fiscal	1,361	-	-	-	-	-
Business	2,158	-	-	-	-	-
Operations and maintenance	-	164,121	-	-	-	-
Pupil transportation	148	-	-	-	-	-
Central	-	-	-	-	-	-
Non-instructional services:						
Community services	-	-	-	-	1,014,492	-
Extracurricular activities	15,620	-	-	402,337	-	-
Total expenditures	<u>98,486</u>	<u>164,121</u>	<u>-</u>	<u>402,337</u>	<u>1,014,492</u>	<u>-</u>
Excess of revenues over (under) expenditures	(13,777)	1,000	-	(293,716)	134,634	-
Other financing sources						
Operating transfers in	-	-	-	284,175	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,175</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(13,777)	1,000	-	(9,541)	134,634	-
Fund balance, beginning of year	141,714	2,067	990	13,363	100,399	23,448
Fund balance, end of year	\$ <u>127,937</u>	<u>3,067</u>	<u>990</u>	<u>3,822</u>	<u>235,033</u>	<u>23,448</u>

Teacher Development	Education Management Information Systems	Entry Year	Disadvantaged Pupil Impact Aid	Data Communications	SchoolNet Professional Development	Ohio Reads	Student Intervention	Vocational Education Enhancement
-	-	-	-	-	-	-	-	-
-	-	(6,645)	-	-	-	(6,390)	-	-
-	22,140	17,600	318,273	33,000	4,140	45,178	94,825	6,102
-	22,140	10,955	318,273	33,000	4,140	38,788	94,825	6,102
-	-	-	283,936	-	2	40,904	57,667	-
-	-	-	-	-	-	1,564	-	-
-	1,247	-	-	-	-	-	-	-
(70)	-	11,897	-	25,230	438	2,179	16,654	4,691
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	31,619	-	-	-	-
-	-	-	-	-	-	-	3,443	-
-	83,512	11,750	-	29,344	-	-	-	-
-	-	-	2,393	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(70)	84,759	23,647	286,329	86,193	440	44,647	77,764	4,691
70	(62,619)	(12,692)	31,944	(53,193)	3,700	(5,859)	17,061	1,411
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
70	(62,619)	(12,692)	31,944	(53,193)	3,700	(5,859)	17,061	1,411
(70)	71,171	14,000	(25,590)	53,195	418	25,198	-	8,448
-	8,552	1,308	6,354	2	4,118	19,339	17,061	9,859

(Continued)

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

All Nonmajor Special Revenue Funds

Year Ended June 30, 2004

(Continued)

	Alternative Schools	Misc. State Grants	Title II	Title VI-B	Vocational Education	Title III
Revenues:						
Earnings on investments	\$ -	-	-	-	-	-
Other local revenues	(16,464)	-	-	2,980	-	(2,938)
Intergovernmental	82,328	64,349	-	1,032,052	10,595	54,083
Total revenues	<u>65,864</u>	<u>64,349</u>	<u>-</u>	<u>1,035,032</u>	<u>10,595</u>	<u>51,145</u>
Expenditures:						
Current:						
Instruction:						
Regular	16,468	20,867	-	-	-	17,870
Special	-	-	-	89,034	-	22,662
Support services:						
Pupil	55,707	57,885	-	458,584	-	-
Instructional staff	9,904	-	(65)	236,883	6,910	26,106
School administration	-	-	-	-	-	-
Fiscal	-	-	-	-	-	-
Business	-	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	-
Pupil transportation	-	-	-	3,413	-	-
Central	-	5,245	-	-	-	-
Non-instructional services:						
Community services	-	-	-	106,222	-	-
Extracurricular activities	-	-	-	-	-	-
Total expenditures	<u>82,079</u>	<u>83,997</u>	<u>(65)</u>	<u>894,136</u>	<u>6,910</u>	<u>66,638</u>
Excess of revenues over (under) expenditures	(16,215)	(19,648)	65	140,896	3,685	(15,493)
Other financing sources						
Operating transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(16,215)	(19,648)	65	140,896	3,685	(15,493)
Fund balance, beginning of year	38,183	144,578	(65)	(85,985)	8,122	1,332
Fund balance, end of year	\$ <u>21,968</u>	<u>124,930</u>	<u>-</u>	<u>54,911</u>	<u>11,807</u>	<u>(14,161)</u>

<u>Title I</u>	<u>Title VI</u>	<u>Title IV</u>	<u>Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Misc. Federal Grants</u>	<u>TOTAL</u>
-	-	-	-	-	-	3,944
-	(2,392)	-	-	850	810	164,141
<u>1,155,907</u>	<u>64,618</u>	<u>44,310</u>	<u>19,586</u>	<u>334,848</u>	<u>489,334</u>	<u>5,202,571</u>
<u>1,155,907</u>	<u>62,226</u>	<u>44,310</u>	<u>19,586</u>	<u>335,698</u>	<u>490,144</u>	<u>5,370,656</u>
120,870	180,369	1,247	-	17,397	215,220	1,000,014
817,148	-	-	-	-	52	930,460
-	-	9,866	19,586	1,501	6,650	613,323
70,058	8,048	16,726	-	132,276	106,631	674,496
26,348	-	-	-	-	1,692	77,745
-	-	-	-	-	-	1,361
-	-	-	-	-	-	2,158
-	-	-	-	-	-	195,740
-	-	-	-	-	-	7,004
-	-	-	-	-	50,000	179,851
-	5,080	2,094	-	-	-	1,130,281
-	-	-	-	-	-	417,957
<u>1,034,424</u>	<u>193,497</u>	<u>29,933</u>	<u>19,586</u>	<u>151,174</u>	<u>380,245</u>	<u>5,230,390</u>
121,483	(131,271)	14,377	-	184,524	109,899	140,266
-	-	-	-	-	-	284,175
-	-	-	-	-	-	284,175
121,483	(131,271)	14,377	-	184,524	109,899	424,441
(4,228)	(97,979)	1,453	1,679	38,259	(30,976)	443,124
<u>117,255</u>	<u>(229,250)</u>	<u>15,830</u>	<u>1,679</u>	<u>222,783</u>	<u>78,923</u>	<u>867,565</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Statement of Net Assets

Nonmajor Enterprise Funds

June 30, 2004

	<u>Food Service</u>	<u>Early Childhood Programs</u>	<u>Uniform School Supply</u>	<i>TOTAL</i>
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 263,993	446,571	124,899	835,463
Receivables:				
Accounts	4,043	10,893	316	15,252
Intergovernmental	219,729	-	-	219,729
Materials and supplies inventory	19,343	-	-	19,343
Total current assets	<u>507,108</u>	<u>457,464</u>	<u>125,215</u>	<u>1,089,787</u>
Noncurrent assets:				
Capital assets, net	<u>243,129</u>	<u>198</u>	<u>-</u>	<u>243,327</u>
Total assets	<u>750,237</u>	<u>457,662</u>	<u>125,215</u>	<u>1,333,114</u>
Liabilities:				
Current liabilities:				
Accounts payable	9,994	-	-	9,994
Accrued wages and benefits	78,618	79,256	-	157,874
Intergovernmental payable	102,182	52,449	-	154,631
Total current liabilities	<u>190,794</u>	<u>131,705</u>	<u>-</u>	<u>322,499</u>
Noncurrent liabilities:				
Compensated absences payable	<u>62,735</u>	<u>1,772</u>	<u>-</u>	<u>64,507</u>
Total liabilities	<u>253,529</u>	<u>133,477</u>	<u>-</u>	<u>387,006</u>
Net assets:				
Invested in capital assets, net of related debt	243,129	198	-	243,327
Unrestricted	<u>253,579</u>	<u>323,987</u>	<u>125,215</u>	<u>702,781</u>
Total net assets	<u>\$ 496,708</u>	<u>324,185</u>	<u>125,215</u>	<u>946,108</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenses and
 Changes in Fund Net Assets
 Nonmajor Enterprise Funds
 Year Ended June 30, 2004

	Food Service	Early Childhood Programs	Uniform School Supplies	<i>TOTAL</i>
Operating revenues:				
Charges for services	\$ 1,052,424	1,053,486	30,090	2,136,000
Total operating revenues	<u>1,052,424</u>	<u>1,053,486</u>	<u>30,090</u>	<u>2,136,000</u>
Operating expenses:				
Salaries and wages	885,641	738,052	-	1,623,693
Fringe benefits	427,217	210,701	-	637,918
Contractual services	22,235	3,977	-	26,212
Materials and supplies	1,105,553	47,446	7,651	1,160,650
Depreciation	34,595	396	-	34,991
Other operating expenses	3,415	2,935	-	6,350
Total operating expenses	<u>2,478,656</u>	<u>1,003,507</u>	<u>7,651</u>	<u>3,489,814</u>
Operating income (loss)	(1,426,232)	49,979	22,439	(1,353,814)
Nonoperating revenues:				
Interest income	2,716	-	-	2,716
Grants	1,116,783	-	-	1,116,783
Grants - donated commodities	119,819	-	-	119,819
Total nonoperating revenues	<u>1,239,318</u>	<u>-</u>	<u>-</u>	<u>1,239,318</u>
Net income (loss)	(186,914)	49,979	22,439	(114,496)
Net assets, beginning of year	683,622	274,206	102,776	1,060,604
Net assets, end of year	\$ <u>496,708</u>	<u>324,185</u>	<u>125,215</u>	<u>946,108</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Year Ended June 30, 2004

	Food Service	Early Childhood Program	Uniform School Supply	<i>TOTAL</i>
Cash flows from operating activities:				
Cash received from customers	\$ 1,069,710	1,081,783	30,131	2,181,624
Cash payments for personal services	(1,234,069)	(926,899)	-	(2,160,968)
Cash payments for contract services	(23,541)	(4,534)	-	(28,075)
Cash payments for supplies and materials	(950,788)	(56,179)	(7,651)	(1,014,618)
Cash payments for other expenses	(28,205)	(3,015)	-	(31,220)
Net cash provided (used) by operating activities	<u>(1,166,893)</u>	<u>91,156</u>	<u>22,480</u>	<u>(1,053,257)</u>
Cash flows from noncapital financing activities:				
Cash received from operating grants	<u>1,122,297</u>	-	-	<u>1,122,297</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>(3,711)</u>	-	-	<u>(3,711)</u>
Cash flows from investing activities:				
Interest received	<u>2,716</u>	-	-	<u>2,716</u>
Net increase (decrease) in cash	(45,591)	91,156	22,480	68,045
Cash, beginning of year	<u>309,584</u>	<u>355,415</u>	<u>102,419</u>	<u>767,418</u>
Cash, end of year	<u>263,993</u>	<u>446,571</u>	<u>124,899</u>	<u>835,463</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(1,426,232)	49,979	22,439	(1,353,814)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	34,595	396	-	34,991
Donated commodities used	119,819	-	-	119,819
Changes in assets and liabilities:				
Accounts receivable	17,286	28,297	41	45,624
Materials and supplies inventory	27,170	-	-	27,170
Accounts payable	(18,320)	(9,370)	-	(27,690)
Accrued wages and benefits	(4,300)	(5,115)	-	(9,415)
Intergovernmental payable	45,154	28,195	-	73,349
Compensated absences payable	37,935	(1,226)	-	36,709
Net cash provided (used) by operating activities	<u>\$ (1,166,893)</u>	<u>91,156</u>	<u>22,480</u>	<u>(1,053,257)</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended June 30, 2004

		<u>Student Activities Fund</u>			
		<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
		<u>Balance</u>			<u>Balance</u>
Assets:					
Equity in pooled cash and investments	\$	<u>9,779</u>	<u>207,555</u>	<u>178,733</u>	<u>38,601</u>
Liabilities:					
Due to student groups	\$	<u>9,779</u>	<u>207,555</u>	<u>178,733</u>	<u>38,601</u>

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INDIVIDUAL FUND SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 General Fund
 For Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 58,282,448	\$ 54,414,891	\$ 53,741,211	\$ (673,680)
Tuition	575,297	597,766	1,724,491	1,126,725
Earnings on investments	486,087	486,087	486,087	-
Other revenues	457,689	699,825	996,945	297,120
Intermediate sources	28,454	28,454	28,454	-
Intergovernmental - State	10,155,524	10,167,260	9,800,073	(367,187)
Intergovernmental - Federal	144,015	144,015	144,015	-
Total revenues	70,129,514	66,538,298	66,921,276	382,978
Expenditures:				
Current:				
Instruction:				
Salaries and wages	26,268,398	26,735,791	26,669,784	66,007
Fringe benefits	7,101,030	6,644,097	6,630,498	13,599
Purchased services	1,653,134	2,276,473	2,305,009	(28,536)
Materials and supplies	1,425,220	1,501,649	1,500,081	1,568
Capital outlay - new	26,857	56,661	56,661	-
Capital outlay - replacement	563,454	638,023	638,023	-
Other expenditures	27,257	13,061	13,061	-
Total instruction	37,065,350	37,865,755	37,813,117	52,638
Support services:				
Salaries and wages	17,368,428	16,877,872	16,838,351	39,521
Fringe benefits	5,417,993	5,736,267	5,735,595	672
Purchased services	4,849,213	4,440,078	4,415,848	24,230
Materials and supplies	1,688,493	1,272,680	1,120,535	152,145
Capital outlay - new	248,143	689,729	689,729	-
Capital outlay - replacement	996,546	738,112	738,113	(1)
Other expenditures	1,246,930	1,296,490	1,318,065	(21,575)
Total support services	31,815,746	31,051,228	30,856,235	194,993
Operation of non-instructional services:				
Salaries and wages	97,341	91,976	91,976	-
Fringe benefits	18,967	16,255	16,255	-
Purchased services	2,397	2,623	2,623	-
Materials and supplies	10,882	21	21	-
Capital outlay - replacement	-	1,710	1,710	-
Other expenditures	382	350	350	-
Total operation of non-instructional services	129,969	112,935	112,935	-
Extracurricular activities:				
Salaries and wages	814,554	805,765	805,765	-
Fringe benefits	158,394	140,296	140,296	-
Purchased services	6,855	6,727	6,727	-
Materials and supplies	1,788	1,123	1,123	-
Capital outlay - replacement	-	2,494	2,494	-
Other expenditures	44,709	31,024	31,024	-
Total extracurricular activities	1,026,300	987,429	987,429	-

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Facilities acquisition and construction services:				
Purchased services	264,620	80,950	80,950	-
Capital outlay-new	4,805	-	-	-
Total facilities acquisition and construction services	<u>269,425</u>	<u>80,950</u>	<u>80,950</u>	<u>-</u>
Total expenditures	<u>70,306,790</u>	<u>70,098,297</u>	<u>69,850,666</u>	<u>247,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,276)</u>	<u>(3,559,999)</u>	<u>(2,929,390)</u>	<u>630,609</u>
Other financing sources (uses):				
Operating transfers in		12,000	12,000	-
Operating transfers (out)	(963,880)	(703,067)	(702,582)	485
Advances in		540,882	540,882	-
Advances (out)	(1,430,825)	(1,130,825)	(1,130,825)	-
Proceeds of sale of fixed assets		7,240	7,240	-
Refund of prior year expenditures		117,409	117,409	-
Refund of prior year receipts	(2,151)	(2,151)	(2,151)	-
Total other financing sources (uses)	<u>(2,396,856)</u>	<u>(1,158,512)</u>	<u>(1,158,027)</u>	<u>485</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,574,132)</u>	<u>(4,718,511)</u>	<u>(4,087,417)</u>	<u>631,094</u>
Fund balance, July 1	23,699,744	23,699,744	23,699,744	-
Prior year encumbrances appropriated	<u>242,030</u>	<u>242,030</u>	<u>242,030</u>	<u>-</u>
Fund balance, June 30	<u>\$ 21,367,642</u>	<u>\$ 19,223,263</u>	<u>\$ 19,854,357</u>	<u>\$ 631,094</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Public School Support Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local revenues	\$ 87,918	\$ 89,192	\$ 1,274
Total revenues	<u>87,918</u>	<u>89,192</u>	<u>1,274</u>
Expenditures:			
Current:			
Instruction:			
Purchased services	1,563	1,563	-
Materials and supplies	3,979	3,979	-
Other expenditures	26,649	26,649	-
Total instruction	<u>32,191</u>	<u>32,191</u>	<u>-</u>
Support services:			
Salaries and wages	2,000	2,000	-
Purchased services	313	313	-
Materials and supplies	15,726	15,726	-
Capital outlay-new	2,000	2,000	-
Other expenditures	35,317	35,745	(428)
Total support services	<u>55,356</u>	<u>55,784</u>	<u>(428)</u>
Extracurricular activities:			
Materials and supplies	-	320	(320)
Other expenditures	19,035	18,715	320
Total extracurricular activities	<u>19,035</u>	<u>19,035</u>	<u>-</u>
Total expenditures	<u>106,582</u>	<u>107,010</u>	<u>(428)</u>
Excess of revenues over (under) expenditures	(18,664)	(17,818)	846
Other financing sources (uses):			
Refund of prior year expenditures	-	1,364	1,364
Total other financing sources (uses)	<u>-</u>	<u>1,364</u>	<u>1,364</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(18,664)	(16,454)	2,210
Fund balance, July 1	137,033	137,033	-
Prior year encumbrances appropriated	<u>7,119</u>	<u>7,119</u>	<u>-</u>
Fund balance, June 30	<u>\$ 125,488</u>	<u>\$ 127,698</u>	<u>\$ 2,210</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Other Grants Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local revenues	\$ 1,000	\$ 1,000	-
Intergovernmental-State	164,121	164,121	-
Total revenues	<u>165,121</u>	<u>165,121</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Materials and supplies	-	164,121	(164,121)
Total support services	<u>-</u>	<u>164,121</u>	<u>(164,121)</u>
Total expenditures	<u>-</u>	<u>164,121</u>	<u>(164,121)</u>
Excess of revenues over (under) expenditures	165,121	1,000	(164,121)
Other financing sources (uses):			
Advances (out)	(85,478)	(85,478)	-
Total other financing sources (uses)	<u>(85,478)</u>	<u>(85,478)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	79,643	(84,478)	(164,121)
Fund balance, July 1	<u>87,544</u>	<u>87,544</u>	<u>-</u>
Fund balance, June 30	<u>\$ 167,187</u>	<u>\$ 3,066</u>	<u>\$ (164,121)</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Venture Capital Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues	\$ -	\$ -	\$ -
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	-	-	-
Fund balance, July 1	990	990	-
Fund balance, June 30	\$ 990	\$ 990	\$ -

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Athletic Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local revenues	\$ 3,442	\$ 3,442	\$ -
Extracurricular revenue	103,713	103,713	-
Total revenues	107,155	107,155	-
Expenditures:			
Current:			
Support services:			
Salaries and wages	725	725	-
Fringe benefits	102	102	-
Total support services	827	827	-
Extracurricular activities:			
Salaries and wages	28,906	28,906	-
Fringe benefits	4,472	4,472	-
Purchased services	42,512	42,628	(116)
Materials and supplies	153,284	161,279	(7,995)
Other expenditures	86,005	149,427	(63,422)
Total extracurricular activities	315,179	386,711	(71,532)
Total expenditures	316,006	387,538	(71,532)
Excess of revenues over (under) expenditures	(208,851)	(280,383)	(71,532)
Other financing sources (uses):			
Transfers in	284,175	284,175	-
Total other financing sources (uses)	284,175	284,175	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	75,324	3,792	(71,532)
Fund balance, July 1	19,918	19,918	-
Prior year encumbrances appropriated	2,242	2,242	-
Fund balance, June 30	\$ 97,484	\$ 25,952	\$ (71,532)

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Auxiliary Service Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Earnings on investments	\$ 3,944	\$ 3,944	\$ -
Intergovernmental - State	<u>1,145,182</u>	<u>1,145,182</u>	<u>-</u>
Total revenues	<u>1,149,126</u>	<u>1,149,126</u>	<u>-</u>
Expenditures:			
Current:			
Operation of non-instructional services:			
Salaries and wages	57,871	57,871	-
Fringe benefits	19,160	19,160	-
Purchased services	452,034	452,034	-
Materials and supplies	619,034	619,651	(617)
Capital outlay - new	198,417	198,417	-
Other expenditures	<u>269</u>	<u>269</u>	<u>-</u>
Total operation of non-instructional services	<u>1,346,785</u>	<u>1,347,402</u>	<u>(617)</u>
Total expenditures	<u>1,346,785</u>	<u>1,347,402</u>	<u>(617)</u>
Excess of revenues over (under) expenditures	(197,659)	(198,276)	(617)
Other financing sources (uses):			
Advances in	235,458	238,416	2,958
Refund of prior year expenditures	1,680	1,680	-
Advances (out)	(28,072)	(28,072)	-
Refund of prior year receipts	<u>(12,222)</u>	<u>(12,223)</u>	<u>(1)</u>
Total other financing sources (uses)	<u>196,844</u>	<u>199,801</u>	<u>2,957</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(815)	1,525	2,340
Fund balance, July 1	28,887	28,887	-
Prior year encumbrances appropriated	<u>409,048</u>	<u>409,048</u>	<u>-</u>
Fund balance, June 30	<u>\$ 437,120</u>	<u>\$ 439,460</u>	<u>\$ 2,340</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Career Development Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues	\$ -	\$ -	\$ -
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	-	-	-
Fund balance, July 1	23,448	23,448	-
Fund balance, June 30	\$ 23,448	\$ 23,448	\$ -

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Education Management Information Systems Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 22,140	\$ 22,140	\$ -
Total revenues	<u>22,140</u>	<u>22,140</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Purchased services	-	11,474	(11,474)
Materials and supplies	11,845	11,845	-
Capital Outlay-new	61,440	61,440	-
Total support services	<u>73,285</u>	<u>84,759</u>	<u>(11,474)</u>
Total expenditures	<u>73,285</u>	<u>84,759</u>	<u>(11,474)</u>
Excess of revenues over (under) expenditures	(51,145)	(62,619)	(11,474)
Fund balance, July 1	<u>71,171</u>	<u>71,171</u>	<u>-</u>
Fund balance, June 30	<u>\$ 20,026</u>	<u>\$ 8,552</u>	<u>\$ (11,474)</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Entry Year Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 17,600	\$ 17,600	\$ -
Total revenues	<u>17,600</u>	<u>17,600</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Salaries and wages	15,856	19,175	(3,319)
Fringe benefits	2,362	2,861	(499)
Purchased services	772	772	-
Total support services	<u>18,990</u>	<u>22,808</u>	<u>(3,818)</u>
Total expenditures	<u>18,990</u>	<u>22,808</u>	<u>(3,818)</u>
Excess of revenues over (under) expenditures	(1,390)	(5,208)	(3,818)
Other financing sources (uses):			
Refund of prior year receipts	(6,646)	(6,646)	-
Total other financing sources (uses)	<u>(6,646)</u>	<u>(6,646)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(8,036)	(11,854)	(3,818)
Fund balance, July 1	<u>14,000</u>	<u>14,000</u>	<u>-</u>
Fund balance, June 30	<u>\$ 5,964</u>	<u>\$ 2,146</u>	<u>\$ (3,818)</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Disadvantaged Pupil Impact Aid Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 318,273	\$ 318,273	\$ -
Total revenues	<u>318,273</u>	<u>318,273</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Purchased services	309,526	309,526	-
Total instruction	<u>309,526</u>	<u>309,526</u>	<u>-</u>
Operation of non-instructional services:			
Materials and supplies	2,393	2,393	-
Total operation of non-instructional services	<u>2,393</u>	<u>2,393</u>	<u>-</u>
Total expenditures	<u>311,919</u>	<u>311,919</u>	<u>-</u>
Excess of revenues over (under) expenditures	6,354	6,354	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ 6,354</u>	<u>\$ 6,354</u>	<u>\$ -</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Data Communications Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 33,000	\$ 33,000	\$ -
Total revenues	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Materials and supplies	5,644	7,241	(1,597)
Capital outlay-new	43,782	43,782	-
Other expenditures	35,170	35,170	-
Total support services	<u>84,596</u>	<u>86,193</u>	<u>(1,597)</u>
Total expenditures	<u>84,596</u>	<u>86,193</u>	<u>(1,597)</u>
Excess of revenues over (under) expenditures	(51,596)	(53,193)	(1,597)
Fund balance, July 1	52,770	52,770	-
Prior year encumbrances appropriated	<u>425</u>	<u>425</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,599</u>	<u>\$ 2</u>	<u>\$ (1,597)</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 SchoolNet Professional Development Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 4,140	\$ 4,140	\$ -
Total revenues	<u>4,140</u>	<u>4,140</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	563	563	-
Total instruction	<u>563</u>	<u>563</u>	<u>-</u>
Support services:			
Salaries and wages	382	382	-
Fringe benefits	64	64	-
Purchased services	212	212	-
Total support services	<u>658</u>	<u>658</u>	<u>-</u>
Total expenditures	<u>1,221</u>	<u>1,221</u>	<u>-</u>
Excess of revenues over (under) expenditures	2,919	2,919	-
Fund balance, July 1	<u>1,221</u>	<u>1,221</u>	<u>-</u>
Fund balance, June 30	<u>\$ 4,140</u>	<u>\$ 4,140</u>	<u>\$ -</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Ohio Reads Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local revenues	\$ -	\$ (1,563)	\$ (1,563)
Intergovernmental - State	44,259	45,500	1,241
Total revenues	<u>44,259</u>	<u>43,937</u>	<u>(322)</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	21,547	21,547	-
Fringe benefits	2,787	2,787	-
Purchased services	6,358	6,858	(500)
Materials and supplies	16,117	21,579	(5,462)
Capital outlay-replacement	-	500	(500)
Total instruction	<u>46,809</u>	<u>53,271</u>	<u>(6,462)</u>
Support services:			
Salaries and wages	1,423	1,423	-
Fringe benefits	225	225	-
Purchased services	526	526	-
Materials and supplies	50	50	-
Total support services	<u>2,224</u>	<u>2,224</u>	<u>-</u>
Total expenditures	<u>49,033</u>	<u>55,495</u>	<u>(6,462)</u>
Excess of revenues over (under) expenditures	(4,774)	(11,558)	(6,784)
Other financing sources (uses):			
Refund of prior year expenditures	-	321	321
Refund of prior year receipts	(5,147)	(5,147)	-
Total other financing sources (uses)	<u>(5,147)</u>	<u>(4,826)</u>	<u>321</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(9,921)	(16,384)	(6,463)
Fund balance, July 1	25,296	25,296	-
Prior year encumbrances appropriated	<u>4,483</u>	<u>4,483</u>	<u>-</u>
Fund balance, June 30	<u>\$ 19,858</u>	<u>\$ 13,395</u>	<u>\$ (6,463)</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Student Intervention Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 26,707	\$ 26,707	\$ -
Total revenues	<u>26,707</u>	<u>26,707</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	9,800	9,800	-
Fringe benefits	1,532	1,532	-
Materials and supplies	45,328	45,328	(0)
Other expenditures	958	958	-
Total instruction	<u>57,618</u>	<u>57,618</u>	<u>(0)</u>
Support services:			
Salaries and wages	2,717	2,717	-
Fringe benefits	425	425	-
Purchased services	13,513	17,059	(3,546)
Total support services	<u>16,655</u>	<u>20,201</u>	<u>(3,546)</u>
Total expenditures	<u>74,273</u>	<u>77,819</u>	<u>(3,546)</u>
Excess of revenues over (under) expenditures	(47,566)	(51,112)	(3,546)
Other financing sources (uses):			
Advances in	47,566	47,566	-
Total other financing sources (uses)	<u>47,566</u>	<u>47,566</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	(3,546)	(3,546)
Fund balance, July 1	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ (3,546)</u>	<u>\$ (3,546)</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Vocational Education Enhancement Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intermediate sources	\$ 4,576	\$ 6,102	\$ 1,526
Total revenues	<u>4,576</u>	<u>6,102</u>	<u>1,526</u>
Expenditures:			
Current:			
Support services:			
Purchased services	3,352	3,782	(430)
Materials and supplies	1,245	1,245	-
Other expenditures	430	-	430
Total support services	<u>5,027</u>	<u>5,027</u>	<u>-</u>
Total expenditures	<u>5,027</u>	<u>5,027</u>	<u>-</u>
Excess of revenues over (under) expenditures	(451)	1,075	1,526
Fund balance, July 1	5,565	5,565	-
Prior year encumbrances appropriated	<u>3,220</u>	<u>3,220</u>	<u>-</u>
Fund balance, June 30	<u>\$ 8,334</u>	<u>\$ 9,860</u>	<u>\$ 1,526</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Alternative Schools Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 69,307	\$ 69,307	\$ -
Total revenues	<u>69,307</u>	<u>69,307</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Purchased services	25,748	25,748	-
Materials and supplies	112	112	-
Total instruction	<u>25,860</u>	<u>25,860</u>	<u>-</u>
Support services:			
Salaries and wages	11,116	11,116	-
Fringe benefits	1,242	1,242	-
Purchased services	57,807	58,077	(270)
Materials and supplies	286	286	-
Total support services	<u>70,451</u>	<u>70,721</u>	<u>(270)</u>
Total expenditures	<u>96,311</u>	<u>96,581</u>	<u>(270)</u>
Excess of revenues over (under) expenditures	(27,004)	(27,274)	(270)
Other financing sources (uses):			
Advances in	-	5,206	5,206
Refund of prior year receipts	16,464	(16,464)	(32,928)
Total other financing sources (uses)	<u>16,464</u>	<u>(11,258)</u>	<u>(27,722)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(10,540)	(38,532)	(27,992)
Fund balance, July 1	38,262	38,262	-
Prior year encumbrances appropriated	<u>12,377</u>	<u>12,377</u>	<u>-</u>
Fund balance, June 30	<u>\$ 40,099</u>	<u>\$ 12,107</u>	<u>\$ (27,992)</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Miscellaneous State Grants Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 64,349	\$ 64,349	\$ -
Total revenues	<u>64,349</u>	<u>64,349</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Purchased services	2,000	2,000	-
Materials and supplies	9,224	9,224	-
Capital outlay - new	11,590	11,590	-
Other expenditures	1,100	1,100	-
Total instruction	<u>23,914</u>	<u>23,914</u>	<u>-</u>
Support services:			
Salaries and wages	-	54,851	(54,851)
Purchased services	5,182	5,182	-
Materials and supplies	-	63	(63)
Total support services	<u>5,182</u>	<u>60,096</u>	<u>(54,914)</u>
Total expenditures	<u>29,096</u>	<u>84,010</u>	<u>(54,914)</u>
Excess of revenues over (under) expenditures	35,253	(19,661)	(54,914)
Fund balance, July 1	<u>144,578</u>	<u>144,578</u>	<u>-</u>
Fund balance, June 30	<u>\$ 179,831</u>	<u>\$ 124,917</u>	<u>\$ (54,914)</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title VI-B Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local revenues	\$ 473	\$ 473	\$ -
Intergovernmental - Federal	<u>836,818</u>	<u>836,818</u>	<u>-</u>
Total revenues	<u>837,291</u>	<u>837,291</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	35,105	35,105	-
Fringe benefits	9,064	9,064	-
Purchased services	2,625	2,625	-
Materials and supplies	<u>114,334</u>	<u>115,342</u>	<u>(1,008)</u>
Total instruction	<u>161,128</u>	<u>162,136</u>	<u>(1,008)</u>
Support services:			
Salaries and wages	352,801	332,743	20,058
Fringe benefits	128,019	128,019	-
Purchased services	199,368	222,008	(22,640)
Materials and supplies	47,551	47,552	(1)
Other expenditures	<u>63</u>	<u>-</u>	<u>63</u>
Total support services	<u>727,802</u>	<u>730,321</u>	<u>(2,519)</u>
Operation of non-instructional services:			
Purchased services	<u>106,222</u>	<u>106,222</u>	<u>-</u>
Total operation of non-instructional services	<u>106,222</u>	<u>106,222</u>	<u>-</u>
Total expenditures	<u>995,152</u>	<u>998,680</u>	<u>(3,528)</u>
Excess of revenues over (under) expenditures	(157,861)	(161,389)	(3,528)
Other financing sources (uses):			
Advances in	199,766	199,766	-
Refund of prior year expenditures	2,519	2,507	(12)
Advances (out)	<u>(114,407)</u>	<u>(114,407)</u>	<u>-</u>
Total other financing sources (uses)	<u>87,878</u>	<u>87,866</u>	<u>(12)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(69,983)	(73,523)	(3,540)
Fund balance, July 1	58,046	58,046	-
Prior year encumbrances appropriated	<u>92,028</u>	<u>92,028</u>	<u>-</u>
Fund balance, June 30	<u>\$ 80,091</u>	<u>\$ 76,551</u>	<u>\$ (3,540)</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Vocational Education Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intermediate sources	\$ 8,095	\$ 10,680	\$ 2,585
Total revenues	<u>8,095</u>	<u>10,680</u>	<u>2,585</u>
Expenditures:			
Current:			
Instruction:			
Other expenditures	257	257	-
Total instruction	<u>257</u>	<u>257</u>	<u>-</u>
Support services:			
Purchased services	909	909	-
Materials and supplies	7,381	7,381	-
Capital outlay - new	<u>1,672</u>	<u>1,672</u>	<u>-</u>
Total support services	<u>9,962</u>	<u>9,962</u>	<u>-</u>
Total expenditures	<u>10,219</u>	<u>10,219</u>	<u>-</u>
Excess of revenues over (under) expenditures	(2,124)	461	2,585
Other financing sources (uses):			
Refund of prior year expenditures	-	85	85
Total other financing sources (uses)	<u>-</u>	<u>85</u>	<u>85</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(2,124)	546	2,670
Fund balance, July 1	6,780	6,780	-
Prior year encumbrances appropriated	<u>4,483</u>	<u>4,483</u>	<u>-</u>
Fund balance, June 30	<u>\$ 7,015</u>	<u>\$ 11,809</u>	<u>\$ 5,425</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title III Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 28,748	\$ 28,749	\$ 1
Total revenues	<u>28,748</u>	<u>28,749</u>	<u>1</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	14,977	18,849	(3,872)
Fringe benefits	2,021	3,574	(1,553)
Materials and supplies	20,399	20,399	0
Total instruction	<u>37,397</u>	<u>42,822</u>	<u>(5,425)</u>
Support services:			
Salaries and wages	226	226	-
Fringe benefits	42	42	-
Purchased services	4,162	4,162	-
Materials and supplies	24,498	24,497	1
Total support services	<u>28,928</u>	<u>28,927</u>	<u>1</u>
Total expenditures	<u>66,325</u>	<u>71,749</u>	<u>(5,424)</u>
Excess of revenues over (under) expenditures	(37,577)	(43,000)	(5,423)
Other financing sources (uses):			
Advances in	38,939	38,939	-
Refund of prior year receipts	(2,938)	(2,938)	-
Total other financing sources (uses)	<u>36,001</u>	<u>36,001</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,576)	(6,999)	(5,423)
Fund balance, July 1	1,574	1,574	-
Prior year encumbrances appropriated	<u>3,934</u>	<u>3,934</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,932</u>	<u>\$ (1,491)</u>	<u>\$ (5,423)</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title I Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 841,567	\$ 841,567	\$ -
Total revenues	<u>841,567</u>	<u>841,567</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	568,875	626,604	(57,729)
Fringe benefits	140,168	152,693	(12,525)
Purchased services	1,645	1,070	575
Materials and supplies	103,377	156,989	(53,612)
Capital outlay-new	31,729	1,247	30,482
Other expenditures	120	-	120
Total instruction	<u>845,914</u>	<u>938,603</u>	<u>(92,689)</u>
Support services:			
Salaries and wages	9,240	9,240	-
Fringe benefits	1,155	1,155	-
Purchased services	89,196	89,937	(741)
Materials and supplies	23,797	1,914	21,883
Capital outlay-new	1,247	-	1,247
Other expenditures	4,010	-	4,010
Total support services	<u>128,645</u>	<u>102,246</u>	<u>26,399</u>
Operation of non-instructional services:			
Purchased services	-	120	(120)
Total operation of non-instructional services	<u>-</u>	<u>120</u>	<u>(120)</u>
Total expenditures	<u>974,559</u>	<u>1,040,968</u>	<u>(66,409)</u>
Excess of revenues over (under) expenditures	(132,992)	(199,401)	(66,409)
Other financing sources (uses):			
Advances in	49,431	49,431	-
Advances (out)	-	(4,010)	(4,010)
Refund of prior year receipts	84	84	-
Total other financing sources (uses)	<u>49,515</u>	<u>45,505</u>	<u>(4,010)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(83,477)	(153,896)	(70,419)
Fund balance, July 1	43,527	43,527	-
Prior year encumbrances appropriated	<u>62,990</u>	<u>62,990</u>	<u>-</u>
Fund balance, June 30	<u>\$ 23,040</u>	<u>\$ (47,379)</u>	<u>\$ (70,419)</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title V Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 77,541	\$ 77,541	\$ -
Total revenues	<u>77,541</u>	<u>77,541</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	6,893	6,893	-
Fringe benefits	1,134	1,134	-
Materials and supplies	172,209	172,209	-
Total instruction	<u>180,236</u>	<u>180,236</u>	<u>-</u>
Support services:			
Salaries and wages	6,647	6,647	-
Fringe benefits	727	727	-
Materials and supplies	107,598	107,598	-
Total support services	<u>114,972</u>	<u>114,972</u>	<u>-</u>
Operation of non-instructional services:			
Purchased services	3,575	3,575	-
Materials and supplies	2,119	2,119	-
Total operation of non-operational services	<u>5,694</u>	<u>5,694</u>	<u>-</u>
Total expenditures	<u>300,902</u>	<u>300,902</u>	<u>-</u>
Excess of revenues over (under) expenditures	(223,361)	(223,361)	-
Other financing sources (uses):			
Advances in	308,834	308,834	-
Advances (out)	(156,054)	(156,054)	-
Refund of prior year expenditures	(2,392)	(2,392)	-
Total other financing sources (uses)	<u>150,388</u>	<u>150,388</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(72,973)	(72,973)	-
Fund balance, July 1	36,486	36,486	-
Prior year encumbrances appropriated	<u>115,930</u>	<u>115,930</u>	<u>-</u>
Fund balance, June 30	<u>\$ 79,443</u>	<u>\$ 79,443</u>	<u>\$ -</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title IV Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 30,232	\$ 30,232	\$ -
Total revenues	<u>30,232</u>	<u>30,232</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	1,185	1,185	-
Fringe benefits	161	161	-
Total instruction	<u>1,346</u>	<u>1,346</u>	<u>-</u>
Support services:			
Salaries and wages	6,800	7,657	(857)
Fringe benefits	1,020	1,157	(137)
Purchased services	8,109	8,509	(400)
Materials and supplies	15,078	15,078	(0)
Total support services	<u>31,007</u>	<u>32,402</u>	<u>(1,395)</u>
Operation on non-instructional services:			
Materials and supplies	2,094	2,094	-
Total operation of non-instructional services	<u>2,094</u>	<u>2,094</u>	<u>-</u>
Total expenditures	<u>34,447</u>	<u>35,842</u>	<u>(1,395)</u>
Excess of revenues over (under) expenditures	(4,215)	(5,610)	(1,395)
Other financing sources (uses):			
Advance in	2,576	2,574	(2)
Total other financing sources (uses)	<u>2,576</u>	<u>2,574</u>	<u>(2)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,639)	(3,036)	(1,397)
Fund balance, July 1	1,639	1,639	-
Prior year encumbrances appropriated	<u>2,520</u>	<u>2,520</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2,520</u>	<u>\$ 1,123</u>	<u>\$ (1,397)</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Early Childhood Special Education Special Revenue Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 19,586	\$ 19,586	\$ -
Total revenues	<u>19,586</u>	<u>19,586</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Materials and supplies	509	509	-
Total instruction	<u>509</u>	<u>509</u>	<u>-</u>
Support services:			
Purchased services	19,586	19,586	-
Total support services	<u>19,586</u>	<u>19,586</u>	<u>-</u>
Total expenditures	<u>20,095</u>	<u>20,095</u>	<u>-</u>
Excess of revenues over (under) expenditures	(509)	(509)	-
Other financing sources (uses):			
Advances (out)	(2,080)	(2,080)	-
Total other financing sources (uses)	<u>(2,080)</u>	<u>(2,080)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(2,589)	(2,589)	-
Fund balance, July 1	3,768	3,768	-
Prior year encumbrances appropriated	<u>500</u>	<u>500</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,679</u>	<u>\$ 1,679</u>	<u>\$ -</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title II-A Special Revenue Fund
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 335,698	\$ 335,698	\$ -
Total revenues	<u>335,698</u>	<u>335,698</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	14,980	14,980	-
Fringe benefits	2,436	2,436	-
Total instruction	<u>17,416</u>	<u>17,416</u>	<u>-</u>
Support services:			
Salaries and wages	60,875	65,324	(4,449)
Fringe benefits	8,660	9,441	(781)
Purchased services	57,520	57,520	-
Materials and supplies	4,071	4,071	-
Total support services	<u>131,126</u>	<u>136,356</u>	<u>(5,230)</u>
Operation of non-instructional services:			
Materials and supplies	423	423	-
Total operation of non-instructional services	<u>423</u>	<u>423</u>	<u>-</u>
Total expenditures	<u>148,965</u>	<u>154,195</u>	<u>(5,230)</u>
Excess of revenues over (under) expenditures	186,733	181,503	(5,230)
Other financing sources (uses):			
Refund of prior year receipts	851	850	(1)
Total other financing sources (uses)	<u>851</u>	<u>850</u>	<u>(1)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	187,584	182,353	(5,231)
Fund balance, July 1	35,926	35,926	-
Prior year encumbrances appropriated	<u>6,776</u>	<u>6,776</u>	<u>-</u>
Fund balance, June 30	<u>\$ 230,286</u>	<u>\$ 225,055</u>	<u>\$ (5,231)</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Miscellaneous Federal Grants Special Revenue Fund (Continued)
For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local revenues	\$ -	\$ (423)	\$ (423)
Intergovernmental - Federal	433,123	488,483	55,360
Total revenues	433,123	488,060	55,360
Expenditures:			
Current:			
Instruction:			
Salaries and wages	1,908	1,908	-
Fringe benefits	1,458	1,458	-
Purchased services	148,685	148,685	-
Materials and supplies	84,377	84,377	-
Other expenditures	6,712	6,712	-
Total instruction	243,140	243,140	-
Support services:			
Salaries and wages	50,024	50,024	-
Fringe benefits	9,730	9,730	-
Purchased services	105,893	105,893	-
Materials and supplies	1,692	1,692	-
Capital outlay-new	5,012	5,012	-
Other expenditures	490	490	-
Total support services	172,841	172,841	-
Total expenditures	415,981	415,981	-
Excess of revenues over (under) expenditures	17,142	72,079	54,937
Other financing sources (uses):			
Advances in	-	33,615	33,615
Refund of prior year expenditures	-	1,060	1,060
Advances (out)	(150,781)	(150,781)	-
Refund of prior year receipts	(250)	(250)	-
Total other financing sources (uses)	(151,031)	(116,356)	34,675
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(133,889)	(44,277)	89,612
Fund balance, July 1	148,971	148,971	-
Prior year encumbrances appropriated	5,848	5,848	-
Fund balance, June 30	\$ 20,930	\$ 110,542	\$ 213,899

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Debt Service Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 1,738,765	\$ 1,913,765	\$ 175,000
Intergovernmental-State	-	216,673	216,673
Total revenues	<u>1,738,765</u>	<u>2,130,438</u>	<u>391,673</u>
Expenditures:			
Current:			
Support services:			
Other expenditures	27,473	27,473	-
Total support services	<u>27,473</u>	<u>27,473</u>	<u>-</u>
Debt service:			
Repayment of debt	88,633,145	88,633,145	-
Total repayment of debt	<u>88,633,145</u>	<u>88,633,145</u>	<u>-</u>
Total expenditures	<u>88,660,618</u>	<u>88,660,618</u>	<u>-</u>
Excess of revenues over (under) expenditures	(86,921,853)	(86,530,180)	391,673
Other financing sources (uses):			
Transfers in	296,330	338,406	42,076
Advances in	206,478	206,478	-
Proceeds from sales of notes	86,419,045	86,419,045	-
Total other financing sources (uses)	<u>86,921,853</u>	<u>86,963,929</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	433,749	433,749
Fund balance, July 1	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ 433,749</u>	<u>\$ 433,749</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Permanent Improvement Capital Projects Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Earnings on investments	25	27	2
Total revenues	25	27	2
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	25	27	2
Fund balance, July 1	2,673	2,673	-
Fund balance, June 30	\$ 2,698	\$ 2,700	\$ -

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Building Capital Projects Fund
 For Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Earnings on investments	\$ 913,178	\$ 1,048,094	134,916
Total revenues	<u>913,178</u>	<u>1,048,094</u>	<u>134,916</u>
Expenditures:			
Current:			
Support services:			
Materials and supplies	667,625	667,625	(0)
Capital outlay - new	137,832	137,832	-
Other expenditures	143,321	143,321	-
Total support services	<u>948,778</u>	<u>948,778</u>	<u>(0)</u>
Facilities acquisition and construction services:			
Purchased services	9,774,070	9,774,069	1
Capital outlay - new	2,515,812	2,845,813	(330,001)
Capital outlay - replacement	1,239,512	1,239,512	(0)
Total facilities acquisition and construction services	<u>13,529,394</u>	<u>13,859,394</u>	<u>(330,000)</u>
Total expenditures	<u>14,478,172</u>	<u>14,808,172</u>	<u>(330,000)</u>
Excess of revenues over (under) expenditures	(13,564,994)	(13,760,078)	(195,084)
Other financing sources (uses):			
Proceeds from sales of notes	86,136,456	86,136,456	-
Sale and loss of assets	-	3,000	3,000
Total other financing sources (uses)	<u>86,136,456</u>	<u>86,139,456</u>	<u>3,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	72,571,462	72,379,378	(192,084)
Fund balance, July 1	(783,336)	(783,336)	-
Prior year encumbrances appropriated	<u>783,336</u>	<u>783,336</u>	<u>-</u>
Fund balance, June 30	<u>\$ 72,571,462</u>	<u>\$ 72,379,378</u>	<u>\$ (192,084)</u>

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STATISTICAL SECTION

Governing Values

WE KNOW

All students can learn.

All people have worth and value.

Open communication, honesty and integrity are the foundation for building trusting relationships.

Valuing the diversity of all people creates enhanced learning opportunities.

The home, school and community share the responsibility for educating children.

STATISTICAL TABLES

The following unaudited statistical tables reflect social and economic data, financial trends and fiscal capacity of the District.

PRINCETON CITY SCHOOL DISTRICT, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
1995 - 2004

	2004 Fiscal		2003 Fiscal		2002
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	
Program Revenues					
Charges for services and sales	\$1,234,540	N/A	\$1,482,655	N/A	N/A
Operating grants and contributions	4,965,710	N/A	3,629,108	N/A	N/A
Capital grants and contributions	-	N/A	102,848	N/A	N/A
General Revenues					
Taxes	57,655,673	51,611,111	56,692,006	56,692,006	57,668,854
Tuition and fees	-	1,125,919	-	1,346,780	436,392
Earnings on investments	1,275,157	232,512	729,971	699,676	984,421
Intergovernmental	10,408,282	10,487,845	9,283,088	9,383,349	9,462,547
Other local revenues	<u>1,393,136</u>	<u>1,156,865</u>	<u>470,724</u>	<u>431,073</u>	<u>847,071</u>
Total Revenues	<u>\$76,932,498</u>	<u>\$64,614,252</u>	<u>\$72,390,400</u>	<u>\$68,552,884</u>	<u>\$69,399,285</u>

Source: Princeton City School District financial records.

(1) Includes only the General Fund for modified accrual and all governmental activities for full accrual.

TABLE 1

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
56,161,246	51,180,443	50,185,894	45,111,417	45,692,508	44,626,000	46,054,397
331,893	260,682	261,259	226,164	388,962	325,009	348,690
1,675,316	1,314,483	1,207,811	1,399,904	1,532,249	1,517,648	1,144,038
8,647,343	8,486,423	7,062,658	6,644,604	7,032,343	6,935,559	6,667,897
<u>689,463</u>	<u>341,768</u>	<u>250,326</u>	<u>815,570</u>	<u>481,154</u>	<u>358,564</u>	<u>297,671</u>
<u><u>\$67,505,261</u></u>	<u><u>\$61,583,799</u></u>	<u><u>\$58,967,948</u></u>	<u><u>\$54,197,659</u></u>	<u><u>\$55,127,216</u></u>	<u><u>\$53,762,780</u></u>	<u><u>\$54,512,693</u></u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
GENERAL GOVERNMENTAL EXPENSES / EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
1995 - 2004

	2004		2003		2002
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	
Expenses / Expenditures					
Regular instruction	\$30,729,997	\$29,107,751	\$29,334,784	\$27,944,370	\$26,824,609
Special education	8,371,776	7,431,495	7,373,837	6,481,634	6,136,987
Other instruction	1,240,045	1,232,448	1,030,735	1,021,310	963,361
Pupil	5,235,034	4,613,286	4,855,476	4,411,165	4,325,506
Instructional staff	5,115,420	4,382,728	5,438,025	4,788,201	4,576,692
Board of Education	390,937	382,610	346,989	333,915	267,505
Administration	5,409,443	5,288,565	5,013,395	5,044,673	5,013,526
Fiscal	1,946,483	1,816,930	1,702,433	1,692,421	1,683,308
Business	514,215	508,057	488,820	490,176	392,707
Operation and maintenance of plant	7,539,647	7,137,183	8,604,249	8,073,346	7,829,002
Pupil transportation	4,035,873	3,837,911	3,782,287	3,873,170	3,250,655
Central	1,957,176	1,532,863	1,316,573	1,161,942	969,141
Extracurricular activities	1,512,373	1,074,176	1,517,308	975,994	1,052,196
Community service	1,219,763	120,643	1,223,490	130,286	144,846
Capital outlay	-	63,318	-	273,209	867,144
Debt service	3,499,610	451,039	138,719	449,846	433,689
Total Expenses / Expenditures	\$78,717,792	\$68,981,003	\$72,167,120	\$67,145,658	\$64,730,874

Source: Princeton City School District financial records.

(1) Includes only the General Fund for modified accrual and all governmental activities for full accrual.

TABLE 2

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$ 25,317,906	\$ 23,982,792	\$ 25,699,666	\$ 24,190,576	\$ 24,158,170	\$ 22,906,742	\$ 22,444,023
5,344,811	4,504,864	4,387,809	3,747,861	3,486,926	3,294,577	3,263,691
883,708	783,623	745,347	1,056,287	1,086,896	1,070,415	991,628
3,380,618	3,227,116	3,264,896	3,086,517	3,071,540	2,896,197	2,640,730
4,973,889	4,534,725	4,749,706	4,258,437	4,048,150	3,526,004	3,265,446
193,441	201,641	178,781	214,611	276,521	777,208	201,667
4,710,527	4,204,972	4,459,878	4,295,264	4,503,981	4,472,423	4,055,744
1,689,609	1,458,969	1,395,343	1,616,317	1,330,269	1,263,912	1,253,759
361,022	584,361	630,837	714,178	584,844	515,690	529,124
8,012,885	7,109,535	6,889,574	7,570,904	7,255,112	6,554,976	6,365,414
3,106,502	2,782,554	2,656,094	2,662,107	2,584,584	2,259,541	2,298,672
974,043	1,005,214	901,475	907,999	930,431	971,224	969,376
846,236	743,735	703,691	637,126	602,242	575,630	565,457
339,971	210,518	264,643	6,857	297,756	174,427	189,575
238,658	1,407,278	97,078	53,535	738,981	308,030	280,772
435,089	297,952	189,565	203,228	188,747	175,278	187,437
<u>\$ 60,808,915</u>	<u>\$ 57,039,849</u>	<u>\$ 57,214,383</u>	<u>\$ 55,221,804</u>	<u>\$ 55,145,150</u>	<u>\$ 51,742,274</u>	<u>\$ 49,502,515</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS REAL AND PUBLIC UTILITY LAST TEN CALENDAR YEARS 1995 - 2004

<u>Collection Year (1)</u>	<u>Tax Levied (2)</u>	<u>Current Tax Collections (3)</u>	<u>Percent Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2004	\$ 42,955,981	\$ 41,456,291	96.51%	\$ 1,260,498	\$ 42,716,788
2003	40,338,209	36,906,936	91.49%	931,035	37,837,971
2002	36,676,496	34,248,633	93.38%	812,848	35,061,481
2001	36,456,290	34,200,211	93.81%	1,083,180	35,283,391
2000	35,750,340	33,435,460	93.52%	929,371	34,364,831
1999	29,936,630	27,906,438	93.22%	694,210	28,600,648
1998	29,685,600	27,784,701	93.60%	842,271	28,626,972
1997	29,860,878	27,053,016	90.60%	682,012	27,735,028
1996	29,545,049	27,082,295	91.66%	688,925	27,771,220
1995	29,341,079	27,026,132	92.11%	726,778	27,752,910

Source: Hamilton County and Butler County Auditors. (Information for Warren County is not reported since it represents less than 2% of the total tax collections.)

(1) 1995 through 2002 did not include information for Butler and Warren Counties.

(2) Tax levied and collected are presented on a cash basis.

(3) State reimbursements of rollback and homestead exemptions are included.

(4) Penalties and interest are included since by Ohio law they become part of tax obligation as assessment occurs.

TABLE 3

<u>Percent of Total Collections to Levy</u>	<u>Outstanding Delinquent Taxes (4)</u>	<u>Percent of Outstanding Delinquent Taxes to Tax Levied</u>
99.44%	\$ 1,192,725	2.78%
93.80%	847,300	2.10%
95.60%	472,499	1.29%
96.78%	398,115	1.09%
96.12%	436,178	1.22%
95.54%	435,619	1.46%
96.43%	388,825	1.31%
92.88%	849,542	2.85%
94.00%	841,292	2.85%
94.59%	510,453	1.74%

PRINCETON CITY SCHOOL DISTRICT, OHIO
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN CALENDAR YEARS
1995 - 2004

Collection Year (1)	Real Property		Tangible Personal Property		Public Utiliti
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value
2004	1,358,732,160	3,882,091,886	404,687,148	1,618,748,592	66,068,790
2003	1,369,415,290	3,912,615,114	466,102,466	1,864,409,864	65,570,470
2002	1,182,629,890	3,378,942,543	442,634,670	1,770,538,680	64,083,860
2001	1,159,115,740	3,311,759,257	452,832,700	1,811,330,800	75,031,110
2000	1,144,748,820	3,270,710,914	438,526,560	1,754,106,240	68,921,740
1999	979,193,070	2,797,694,486	433,706,660	1,734,826,640	70,718,000
1998	969,842,720	2,770,979,200	413,521,590	1,654,086,360	68,634,990
1997	964,361,560	2,755,318,743	393,557,600	1,574,230,400	72,083,190
1996	931,114,260	2,660,326,457	389,588,480	1,558,353,920	74,137,260
1995	929,649,530	2,656,141,514	399,889,900	1,599,559,600	82,647,730

Source: Hamilton County and Butler County Auditors. (Information for Warren County is not reported since it represents less than 2% of the total assessed value.)

(1) 1995 through 2002 did not include information for Butler and Warren Counties.

(2) Ratio represents assessed value/total estimated value.

TABLE 4

ties Personal	Total		
Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio (2)
75,078,170	1,829,488,098	5,575,918,648	32.81%
74,511,898	1,901,088,226	5,851,536,876	32.49%
72,822,568	1,689,348,420	5,222,303,791	32.35%
85,262,625	1,686,979,550	5,208,352,682	32.39%
78,320,159	1,652,197,120	5,103,137,313	32.38%
80,361,364	1,483,617,730	4,612,882,489	32.16%
77,994,307	1,451,999,300	4,503,059,867	32.24%
81,912,716	1,430,002,350	4,411,461,859	32.42%
84,246,886	1,394,840,000	4,302,927,264	32.42%
93,917,875	1,412,187,160	4,349,618,989	32.47%

PRINCETON CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN CALENDAR YEARS (1)
1995 - 2004

Entity	2004	2003	2002	2001
Princeton City School District	49.03	45.79	46.19	46.19
Hamilton County	21.51	21.87	21.47	19.92
City of Blue Ash	3.08	3.08	3.08	3.08
City of Springdale	3.08	3.08	3.08	3.08
Village of Evendale	-	-	-	-
Village of Glendale	22.23	22.61	21.55	21.65
Village of Lincoln Heights	26.33	26.33	24.58	20.08
Village of Woodlawn	5.08	5.08	5.08	5.08
Springfield Township	20.30	20.30	20.30	14.30
Sycamore Township	7.75	7.75	7.75	7.75
Great Oaks Joint Vocational School District	2.70	2.70	2.70	2.70
West Fork Fire District	-	-	-	-

Source: Hamilton County Auditor.

(1) Information provided by collection year.

(2) During 1998, West Fork Fire District was consolidated with other fire districts within Springfield Township.

TABLE 5

<u>2000</u>	<u>1999</u>	<u>1998 (2)</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
46.19	42.24	42.24	42.24	42.24	42.24
20.83	19.54	19.01	19.44	18.30	18.30
3.08	3.08	3.08	3.08	3.08	3.08
3.08	3.08	3.08	3.08	3.08	3.08
-	3.34	3.34	3.34	3.34	3.34
21.93	19.66	22.34	23.26	23.68	25.38
20.08	20.08	20.08	20.08	20.08	10.08
5.08	5.08	5.08	4.08	4.08	4.08
14.30	14.30	14.30	9.80	9.80	9.80
7.75	7.75	7.60	7.60	7.60	7.60
2.70	2.70	2.70	2.70	2.70	2.70
-	-	-	14.30	14.30	14.30

PRINCETON CITY SCHOOL DISTRICT, OHIO
 RATIO OF GENERAL OBLIGATION BONDED DEBT TO
 ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
 LAST TEN YEARS
 1995 - 2004

TABLE 6

Year	General Obligation Bonded Debt (1)	Total Assessed Value (2)	District Population (3)	Ratio Of Debt To Assessed Value	Net Bonded Debt Per Capita
2004	\$ 87,217,833	\$ 1,829,488,098	42,426	4.77%	2,056
2003	303,353	1,901,088,226	42,426	0.02%	7
2002	1,228,775	1,689,348,420	42,426	0.07%	29
2001	2,103,059	1,686,979,550	42,426	0.12%	50
2000	3,047,504	1,652,197,120	42,426	0.18%	72
1999	3,302,094	1,483,617,730	40,980	0.22%	81
1998	4,412,041	1,451,999,300	40,980	0.30%	108
1997	5,052,475	1,430,002,350	40,980	0.35%	123
1996	1,128,115	1,394,840,000	40,980	0.08%	28
1995	-	1,412,187,160	40,980	-	-

Sources (1) Princeton City School District financial records.

(2) Hamilton County and Butler County Auditors. Information provided by collection year.
 (Information for Warren County is not reported since it represents less than 2% of the total assessed value.)

(3) Ohio Municipal Advisory Council.

PRINCETON CITY SCHOOL DISTRICT, OHIO
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2004

TABLE 7

Assessed Valuation (1)		<u>\$1,829,488,098</u>
<hr/>		
OVERALL DIRECT DEBT LIMITATION		
Direct Debt Limitation 9% of Assessed Valuation		\$ 164,653,929
Amount Available in Debt Service Fund		-
Gross Indebtedness	87,217,833	
Less: Debt Exempt from Limitation	<u>87,217,833</u>	
Debt Subject to 9% Limitation		<u>-</u>
Legal Debt Margin within 9% Limitation		<u>\$ 164,653,929</u>
<hr/>		
UNVOTED DIRECT DEBT LIMITATION		
Unvoted Debt Limitation 0.1% of Assessed Valuation		\$ 1,829,488
Amount available in Debt Service Fund related to unvoted debt		-
Gross Indebtedness Authorized by the Board of Education	-	
Less: Debt Exempt form Limitation	<u>-</u>	
Debt Subject to 0.1% Limitation		<u>-</u>
Legal Debt Margin within 0.1% Limitation		<u>\$ 1,829,488</u>
<hr/>		
ENERGY CONSERVATION BOND LIMITATION		
Ohio Revised Code Section 133.042		
Debt Limitation 0.9% of Assessed Valuation		\$ 16,465,393
Energy Conservation Bonds Authorized by the Board of Education		<u>(87,217,833)</u>
Legal Debt Margin within 0.9% Limitation		<u>\$ (70,752,440)</u>

Source: Princeton City School District financial records.

(1) Assessed valuation does not include Warren County since it represents less than 2% of the total assessed value.

PRINCETON CITY SCHOOL DISTRICT, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2004

TABLE 8

Governmental Unit	Gross General Obligation	Percent Applicable to School District (1)	Amount Applicable to School District
Direct debt:			
Princeton City School District	\$ 87,217,833	100.00%	\$ 87,217,833
Overlapping debt:			
Butler County	76,372,200	1.62%	1,237,230
Hamilton County	101,100,000	9.24%	9,341,640
Warren County	3,771,025	54.00%	2,036,354
City of Blue Ash	-	3.94%	-
City of Sharonville	24,445,000	99.96%	24,435,222
City of Springdale	6,380,000	99.92%	6,374,896
Village of Evendale	2,010,000	89.83%	1,805,583
Village of Glendale	791,849	100.00%	791,849
Village of Lincoln Heights	-	100.00%	-
Village of Woodlawn	4,235,000	100.00%	4,235,000
Deerfield Township	6,814,300	2.92%	198,978
Springfield Township	14,611,833	1.23%	179,726
West Chester Township	37,435,000	4.33%	1,620,936
Great Oaks Joint Vocational School District	5,310,000	10.94%	580,914
Total overlapping debt:	<u>283,276,207</u>		<u>52,838,327</u>
Total direct and overlapping debt:	<u>\$ 370,494,040</u>		<u>\$ 140,056,160</u>

Source: Ohio Municipal Advisory Council.

(1) Calculated by the Ohio Municipal Advisory Council.

PRINCETON CITY SCHOOL DISTRICT, OHIO**TABLE 9**

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS
1995 - 2004

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
2004	\$ 199,675	\$ 13,778	\$ 213,453	\$ 68,981,003	0.31%
2003	925,422	50,509	975,931	67,145,658	1.45%
2002	874,284	101,647	975,931	64,730,874	1.51%
2001	944,444	151,163	1,095,607	60,808,915	1.80%
2000	983,090	169,237	1,152,327	57,039,849	2.02%
1999	1,109,947	230,255	1,340,202	57,214,383	2.34%
1998	1,032,533	272,422	1,304,955	55,221,804	2.36%
1997	847,770	218,877	1,066,647	55,145,150	1.93%
1996	-	-	-	51,742,274	-
1995	98,000	2,724	100,724	49,502,515	0.20%

Source: Princeton City School District financial records.

PRINCETON CITY SCHOOL DISTRICT, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS
 1995 - 2004

TABLE 10

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Cincinnati Metropolitan Area (3)</u>	<u>Unemployment Rate State Of Ohio (3)</u>
2004	42,426	5,921	5.0%	6.0%
2003	42,426	6,110	5.0%	6.1%
2002	42,426	6,210	4.7%	5.7%
2001	42,426	6,139	3.8%	4.3%
2000	42,426	6,318	3.4%	4.1%
1999	40,980	6,577	3.4%	4.3%
1998	40,980	6,717	3.3%	4.3%
1997	40,980	6,718	3.3%	4.5%
1996	40,980	6,740	4.3%	5.0%
1995	40,980	6,903	4.3%	4.6%

Source: (1) Ohio Municipal Advisory Council.

(2) Princeton City School District records.

(3) Greater Cincinnati Chamber of Commerce.

PRINCETON CITY SCHOOL DISTRICT, OHIO
CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUES
LAST TEN CALENDAR YEARS
1994 - 2003

TABLE 11

<u>Year</u>	<u>Construction (1)</u>	<u>Bank Deposits (in thousands) (2)</u>	<u>Property Values (3)</u>
2003	48,190,144	\$ 146,074,745	1,369,415,290
2002	72,748,755	145,359,134	1,182,629,890
2001	71,304,815	133,025,841	1,159,115,740
2000	108,688,787	76,238,995	1,144,748,820
1999	77,190,767	40,706,386	979,193,070
1998	193,421,678	24,484,435	969,842,720
1997	54,298,762	18,070,437	964,361,560
1996	73,265,242	20,217,176	931,114,260
1995	56,598,994	17,533,516	929,649,530
1994	61,649,875	15,035,485	908,596,140

Source: (1) The Cities of Sharonville and Springdale. The Villages of Evendale, Glendale, Lincoln Heights and Woodlawn. (The City of Springdale did not provide this information for calendar year 1997.)
(The City of Sharonville did not provide this information for calendar year 2003.)

(2) Federal Reserve Bank of Cleveland. (Total deposits of all banks headquartered in Hamilton County, Ohio. Data was not available for the school district only.)

(3) Hamilton County and Butler County Auditors. Information provided by collection year.
(Property values do not include Warren County since they represent less than 2% of the total property values.)

PRINCETON CITY SCHOOL DISTRICT, OHIO
REAL AND TANGIBLE PERSONAL PROPERTY
TOP TEN PRINCIPAL TAXPAYERS
JUNE 30, 2004

TABLE 12

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>Total Assessed Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
Ford Motor Company	Manufacturer of automobiles	\$ 73,980,700	4.04%
Concordia Properties LLC	Real estate holding company	57,028,880	3.12%
General Electric	Manufacturer of aircraft engines	33,765,110	1.85%
Cinergy	Public utility	29,282,450	1.60%
Procter & Gamble	Manufacturer of consumer products	27,783,320	1.52%
Cincinnati Bell	Public utility & cellular phone provider	22,091,780	1.21%
Duke Realty	Real estate holding company	19,054,230	1.04%
G & I Executive Center	Real estate holding company	16,450,000	0.90%
Dugan Financing	Construction company	13,679,130	0.75%
Formica Corporation	Manufacturer of laminates	<u>9,075,490</u>	<u>0.50%</u>
	Total	302,191,090	16.52%
	All others	<u>1,527,297,008</u>	<u>83.48%</u>
	Grand total	<u>\$ 1,829,488,098</u>	<u>100.00%</u>

Source: Hamilton County and Butler County Auditors. (Information for Warren County is not reported since they represent less than 2% of the total assessed value.)

(1) Information provided by collection year.

PRINCETON CITY SCHOOL DISTRICT, OHIO
 TOP TEN LARGEST EMPLOYERS
 JUNE 30, 2004

TABLE 13

Employer	Type of Business	Number of Employees
General Electric Company	Manufacturer of aircraft engines	7,600
Ford Motor Company	Manufacturer of automobiles	3,065
Avon Products, Incorporated	Manufacturer of consumer products	1,810
U S Bulk Mail Center	Delivery of U S mail	1,596
United Parcel Service	Delivery service	1,396
Adecco NA LLC	Provider of temporary employment services	1,374
John Morrell & Company	Manufacturer of food products	1,371
General Electric Client Business	Manufacturing sales and support	1,043
Champion Window Manufacturing	Manufacturer and retailer of building materials	1,000
Princeton City School District	Primary and secondary education	950

Source: Princeton City School District records.

PRINCETON CITY SCHOOL DISTRICT, OHIO
 MISCELLANEOUS STATISTICAL DATA
 JUNE 30, 2004

Enrollment by grade

	K	1	2	3	4	5	6	7	8	9
2003-04	426	401	425	419	422	423	438	475	496	543

The following are projections:

2004-05	418	380	376	395	394	413	429	449	469	546
2005-06	364	407	365	361	378	392	408	429	446	521
2006-07	362	354	391	350	345	377	387	407	426	496
2007-08	361	353	340	375	335	344	372	387	405	474
2008-09	359	351	339	326	359	334	339	371	385	450
2009-10	357	349	337	325	312	357	329	339	369	428
2010-11	356	348	336	323	311	311	353	329	337	410
2011-12	354	346	334	322	309	310	307	352	327	375
2012-13	352	344	332	320	308	308	306	307	350	364
2013-14	351	343	331	319	307	307	304	305	305	389
2014-15	349	341	329	317	305	305	303	304	304	339

Source: Princeton City School District records.

nps = not projected separately - included with grades 11 and 12.

TABLE 14

10	11	12	JVS	TOTAL
470	453	422	101	5,914
<hr/>				
451	427	462	nps	5,609
464	413	414	nps	5,362
443	426	401	nps	5,165
422	406	413	nps	4,987
403	387	394	nps	4,797
383	369	375	nps	4,629
364	351	358	nps	4,487
349	333	340	nps	4,358
319	320	323	nps	4,253
309	292	310	nps	4,172
331	284	283	nps	4,094



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**PRINCETON CITY SCHOOL DISTRICT
HAMILTON 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
APRIL 5, 2005**