

Princeton City School District

Hamilton County

Single Audit

July 1, 2004 through June 30, 2005

Fiscal Year Audited Under GAGAS: 2005

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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**Auditor of State  
Betty Montgomery**

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

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

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

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

BETTY MONTGOMERY  
Auditor of State

February 23, 2006

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**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, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550	\$ -	\$ 114,361	\$ -	\$ 114,361
School Breakfast Program	05-PU	10.553	202,478	-	202,478	-
National School Lunch Program	LLP1,LLP4	10.555	781,982	-	781,982	-
Summer Food Service Program for Children	23PU,24PU	10.559	22,728	-	22,728	-
Total Nutrition Cluster			1,007,188	114,361	1,007,188	114,361
Team Nutrition Grant	N/A	10.574	3,032	-	3,032	-
Total U.S. Department of Agriculture			<u>1,010,220</u>	<u>114,361</u>	<u>1,010,220</u>	<u>114,361</u>
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	1,191,607	-	1,222,739	-
Special Education _ Preschool Grant	PG-S1	84.173	24,023	-	24,023	-
Total Special Education Cluster			<u>1,215,630</u>	<u>-</u>	<u>1,246,762</u>	<u>-</u>
Title I Grants to Local Educational Agencies	C1-S1	84.010	1,275,156	-	1,038,506	-
Safe and Drug-Free Schools and Communities-State Grants	DR-S1	84.186	29,116	-	33,823	-
State Grants for Innovative Programs	C2-S1	84.298	45,045	-	41,741	-
Education Technology State Grants	TJ-S1	84.318	16,831	-	11,010	-
Comprehensive School Reform Demonstration	RF	84.332	-	-	524	-
English Language Acquisition Grants	T3-S1	84.365	76,410	-	44,829	-
Grants for State Assessments and Related Activities	TR-S1	84.367	284,836	-	299,551	-
<i>Passed Through Great Oaks Institute of Technology and Career Development</i>						
Vocational Education - Basic Grants to States	2O	84.048	7,911	-	4,717	-
21st Century Community Learning Centers	N/A	84.287	186,587	-	167,389	-
Total U.S. Department of Education			<u>3,137,522</u>	<u>-</u>	<u>2,888,852</u>	<u>-</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>						
<i>Passed Through Ohio Public Safety:</i>						
Public Assistance Grant	EM-3198	97.036	9,313	-	9,313	-
Total U.S. Department of Homeland Security			<u>9,313</u>	<u>-</u>	<u>9,313</u>	<u>-</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<i>Passed Through Ohio Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program	N/A	93.778	504,435	-	504,435	-
State Children's Insurance Program	N/A	93.767	48,954	-	48,954	-
Total U.S. Department of Health and Human Services			<u>553,389</u>	<u>-</u>	<u>553,389</u>	<u>-</u>
<b>Totals</b>			<u><u>\$ 4,710,444</u></u>	<u><u>\$ 114,361</u></u>	<u><u>\$ 4,461,774</u></u>	<u><u>\$ 114,361</u></u>

N/A - Passthrough entity number not available  
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  
FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – 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 non-monetary 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, 2005, 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.

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

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Members of the Board  
Princeton City School District  
Hamilton County  
25 West Sharon Road  
Cincinnati, Ohio 45246

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Princeton City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2005 and have issued our reports thereon dated December 12, 2005, in which we indicated the District implemented GASB Statement Number 40 and GASB Technical Bulletin 2004-2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

**Compliance and Other Matters**

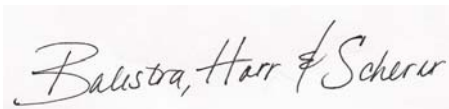
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

We noted certain matters that we reported to the management of the District in a separate letter dated December 12, 2005.



Members of the Board  
Princeton City School District  
Hamilton County  
Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance  
with *Governmental Auditing Standards*  
Page 2

This report is intended for the information and use of the 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.

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

Balestra, Harr & Scherer, CPAs, Inc.  
December 12, 2005

# BALESTRA, HARR & SCHERER, CPAs, INC.

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## **Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Members of the Board  
Princeton City School District  
Hamilton County  
25 West Sharon Road  
Cincinnati, Ohio 45246

### **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 each of its major federal programs for the year ended June 30, 2005. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District’s compliance with those requirements.

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

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the 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 the internal control over compliance in accordance with OMB Circular A-133.

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

### **Schedule of Federal Awards Expenditures**

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2005, and have issued our report thereon dated December 12, 2005 in which we indicated that the District implemented GASB Statement Number 40 and GASB Technical Bulletin 2004-2. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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, 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.



Balestra, Harr & Scherer, CPAs, Inc.  
December 12, 2005

**PRINCETON CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED JUNE 30, 2005**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster: CFDA# 84.027 and 84.173  Title I Grants to Local Educational Agencies: CFDA# 84.010  Medical Assistance Program CFDA# 93.778
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

PRINCETON CITY SCHOOL DISTRICT  
HAMILTON COUNTY, OHIO  
JUNE 30, 2005

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**PRINCETON CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

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

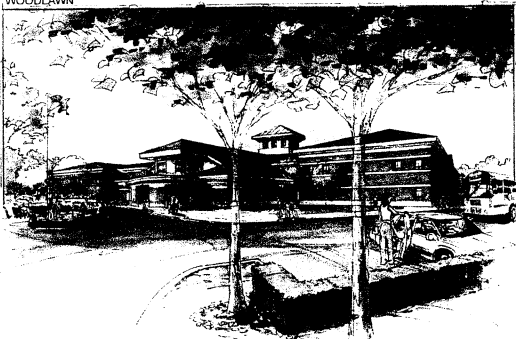
Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
2004-001	Ohio Rev. Code Section 5705.41 (D), Failure to properly encumber funds	Yes	
2004-002	Cash reconciliation for payroll account not accurate	Yes	

*Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2005*

Sharonville



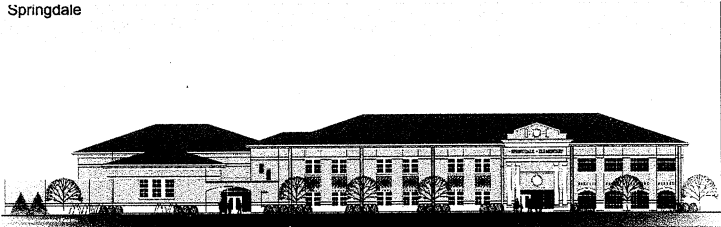
WOODLAWN



Lincoln Heights



Springdale



*Princeton City School District  
Cincinnati, Ohio*





**PRINCETON CITY SCHOOL DISTRICT  
CINCINNATI, OHIO**

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

**PREPARED BY: OFFICE OF THE TREASURER**

**LARRY A. MCDONOUGH  
TREASURER / CFO**



# 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, 2005

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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PRINCETON CITY SCHOOL DISTRICT, OHIO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**Princeton City School District**  
**25 West Sharon Avenue**  
**Cincinnati, Ohio 45246**

Office of the Treasurer

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December 12, 2005

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

We are pleased to present the ninth Comprehensive Annual Financial Report (CAFR) of the Princeton City School District (District) for the fiscal year ended June 30, 2005. 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 2004-05 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, 2004, 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 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, Hillcrest Training 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 41,880 in 2005, 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 2004-05 school year, the District served 5,856 students enrolled in preschool, 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 2004-05 school year, approximately 30% of the students enrolled were participating in the free lunch program; 100 students were enrolled in a full time trade program through vocational education; 834 students received instruction through a variety of special education programs; and all eligible students can participate in a number of advanced academic programs such as International Baccalaureate, advanced placement courses and gifted elementary 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, 2005, are:

<u>Board Member</u>	<u>Current Term</u>	<u>Total Years</u>
Mr. Gary Bryson	Jan. 2004 - Dec. 2007	5 - 1/2
Mr. George Keyser	Jan. 2004 - Dec. 2007	5 - 1/2
Mr. Mark Lemen	Jan. 2002 - Dec. 2005	9
Mrs. Jenny Pansing	Jan. 2002 - Dec. 2005	7 - 1/2
Mrs. Sandy Leach	Jan. 2004 - Dec. 2007	1 - 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. Aaron Mackey has served as Superintendent since 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 21 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 third 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 2005 and the outlook for the future.

## EMPLOYEE RELATIONS

As of June 30, 2005, the Board employed 919 full-time employees. Of the Board's current employees, 491 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, 2005, the District and the association completed the second 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, 2005, the District and the association completed the second 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 2005-06 school year are as follows:

1. We will take Focused Instruction to the next level to earn the designation of "Excellent" on the State Report Card.
2. All subgroups of students will achieve above state averages, and the district will continue to make gains to further close all achievement gaps.
3. The district will begin a two-year initiative to study and implement culturally responsive practices designed to improve the school experience and the achievement of students of color. This intense focus will be in the areas of staff development, curriculum, instruction and assessment.
4. District employee will work collaboratively with parents and community members as our partners

and valued customers. Together, we can better provide a higher quality education for students and better service to our constituency.

5. District supervisors, coordinators, and principals will intensely review their expenditures for ways to further reduce spending.
6. Complete Phase I of the Elementary Facilities Plan and prepare to move into five new buildings. We will begin Phase II of the plan.
7. We will ensure high quality and effective leadership at all levels of the administrative team.

## 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, 2005, 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 2005 for all District funds was \$1,723,929. 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. Balestra, Harr, and Scherer, CPA's, Inc.'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, 2004. This was the seventh 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.

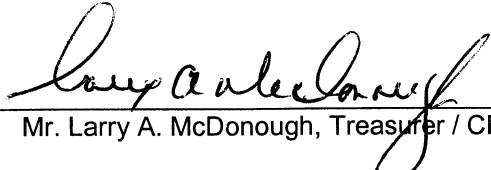
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

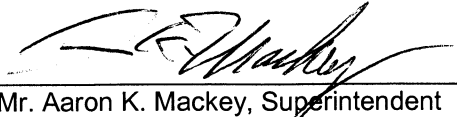
The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2004, to the District. The award was the eighth for the District. The award certifies that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after 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 2005 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 / CFO

  
Mr. Aaron K. Mackey, Superintendent

PRINCETON CITY SCHOOL DISTRICT  
LIST OF PRINCIPAL OFFICIALS  
June 30, 2005

Elected Officials

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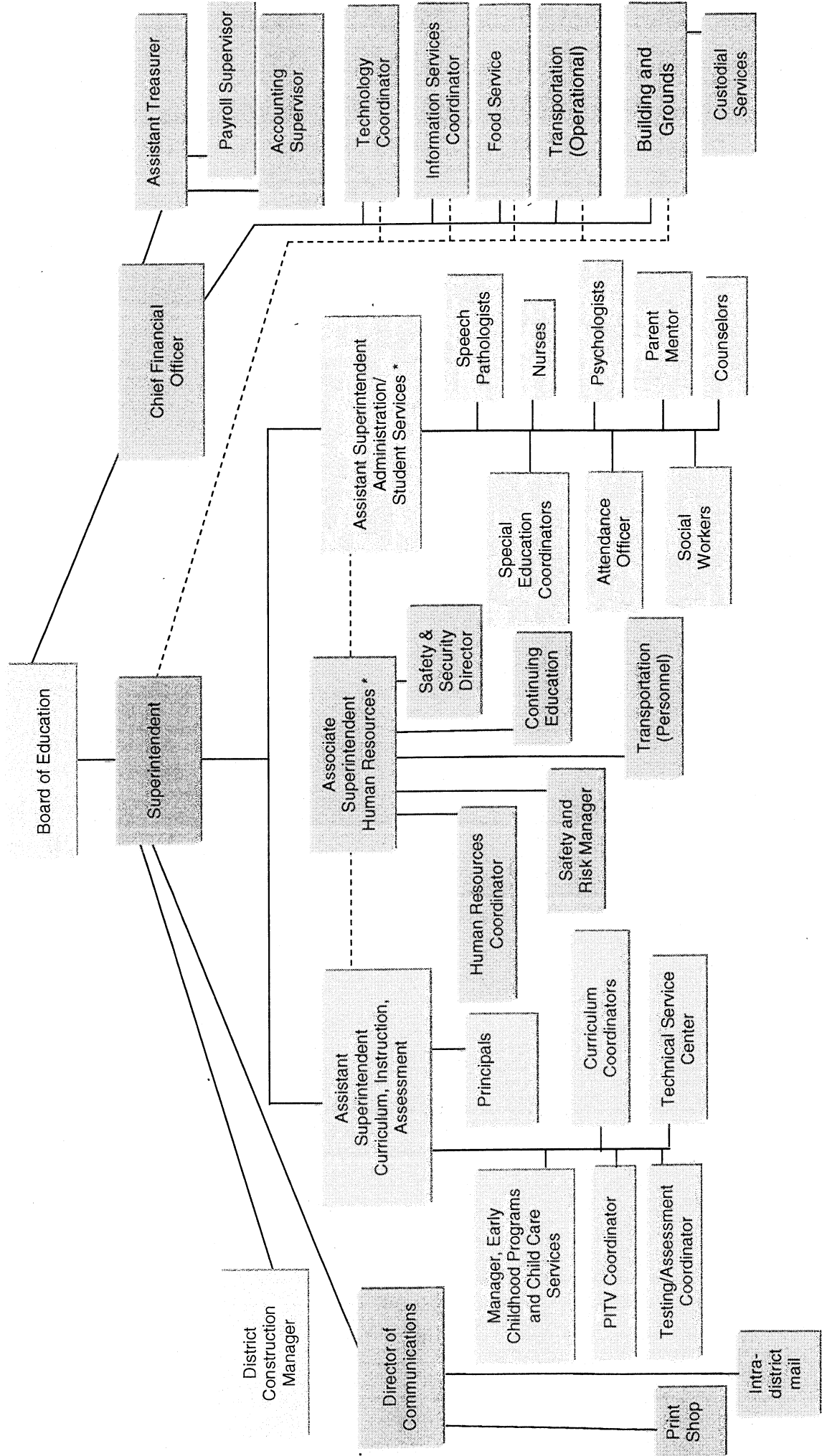
President, Board of Education .....Mr. Gary Bryson  
Vice-President, Board of Education..... Mr. George Keyser  
Board Member.....Mrs. Sandy Leach  
Board Member.....Mr. Mark Lemen  
Board Member.....Mrs. Jenny Pansing

Administrative Officials

---

Superintendent .....Mr. Aaron Mackey  
Treasurer / Chief Financial Officer.....Mr. Larry A. McDonough  
Associate Superintendent.....Dr. Michelle-Means Walker  
Assistant Superintendent, Curriculum, Instruction & Assessment .....Dr. Lon Stettler  
Assistant Superintendent, Director – Student Services .....Dr. Mari Phillips

# 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, 2004

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



*Nancy L. Zielle*

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, 2004

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

  
President

  
Executive Director

# FINANCIAL SECTION

## 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.

**BALESTRA, HARR & SCHERER, CPAS, INC.**  
528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Telephone (740) 289-4131  
Fax (740) 289-3639  
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REPORT**

Members of the Board  
Princeton City School District  
Hamilton County  
25 West Sharon Road  
Cincinnati, Ohio 45246

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 the Princeton City School District (the District), Hamilton County, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 and the budgetary comparison information on pages 48 through 49 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Board  
Princeton City School District  
Independent Accountant's Report  
Page 2

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

As described in Note 2 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposits and Investment Risk Disclosures* and GASB Technical Bulletin 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/ Expenses and Liabilities by Cost-Sharing Employers*.

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

Balestra, Harr & Scherer, CPAs, Inc.  
December 12, 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, 2005. 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 2005 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$47.6 million. Of this amount, \$35.2 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net assets increased by \$9.8 million.
- ✓ The School District had \$76.0 million in expenses related to governmental activities; only \$6.7 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$79.4 million, made up primarily of property taxes and State Foundation payments provided the majority of funding for the School District.
- ✓ The General Fund balance increased by \$7.5 million from \$27.5 million in fiscal year 2004 to \$35.0 million in fiscal year ended June 30, 2005.

**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, 2005**  
**Unaudited**

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**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, 2005**  
**Unaudited**

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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, 2005**  
**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, 2005:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY05</u>	<u>FY04</u>	<u>FY05</u>	<u>FY04</u>	<u>FY05</u>	<u>FY04</u>
Current and other assets	\$ 168,758,447	170,287,656	845,587	1,089,787	169,604,034	171,377,443
Capital assets	<u>20,330,082</u>	<u>11,352,290</u>	<u>208,642</u>	<u>243,327</u>	<u>20,538,724</u>	<u>11,595,617</u>
Total assets	<u>189,088,529</u>	<u>181,639,946</u>	<u>1,054,229</u>	<u>1,333,114</u>	<u>190,142,758</u>	<u>182,973,060</u>
Long-term debt outstanding	90,440,436	91,400,884	35,142	64,507	90,475,578	91,465,391
Other liabilities	<u>52,526,433</u>	<u>54,246,288</u>	<u>392,079</u>	<u>322,499</u>	<u>52,918,512</u>	<u>54,568,787</u>
Total liabilities	<u>142,966,869</u>	<u>145,647,172</u>	<u>427,221</u>	<u>387,006</u>	<u>143,394,090</u>	<u>146,034,178</u>
Net assets:						
Invested in capital assets, net of debt	6,505,305	4,510,135	208,642	243,327	6,713,947	4,753,462
Restricted:						
For capital purposes	387,924	1,283,874	-	-	387,924	1,283,874
Other purposes	5,334,719	2,643,536	-	-	5,334,719	2,643,536
Unrestricted	<u>34,758,011</u>	<u>28,453,533</u>	<u>418,366</u>	<u>702,781</u>	<u>35,176,377</u>	<u>29,156,314</u>
Total net assets	\$ <u>46,985,959</u>	<u>36,891,078</u>	<u>627,008</u>	<u>946,108</u>	<u>47,612,967</u>	<u>37,837,186</u>

Total assets increased primarily due to taxes receivable and assets related to the School District's facilities improvement project.

Taxes receivable were positively impacted by the recognition of a \$2.8 million personal property tax delinquency owed by a major employer located in the School District. Capital assets increased by approximately \$9 million with additions to construction in progress as the first phase of the improvement project move toward completion in the summer of 2006 and the purchase of nine new buses.



**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2005**  
**Unaudited**

**B. Governmental and Business-type Activities during fiscal year 2005**

The following is a condensed summary of the School District's activities during 2005:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY05</u>	<u>FY04</u>	<u>FY05</u>	<u>FY04</u>	<u>FY05</u>	<u>FY04</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services and sales	\$ 1,799,481	1,883,734	2,031,678	2,136,000	3,831,159	4,019,734
Operating grants and contributions	4,850,833	5,129,831	1,228,199	1,239,318	6,079,032	6,369,149
Capital grants and contributions	<u>51,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,345</u>	<u>-</u>
Total program revenues	<u>6,701,659</u>	<u>7,013,565</u>	<u>3,259,877</u>	<u>3,375,318</u>	<u>9,961,536</u>	<u>10,388,883</u>
General revenues:						
Property taxes	65,629,652	57,156,993	-	-	65,629,652	57,156,993
Grants and entitlements	10,233,936	10,257,768	-	-	10,233,936	10,257,768
Investment earnings	2,209,135	1,275,157	-	-	2,209,135	1,275,157
Miscellaneous	1,333,139	1,218,775	-	-	1,333,139	1,218,775
Gain on sale of capital assets	<u>-</u>	<u>10,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,240</u>
Total general revenues	<u>79,405,862</u>	<u>69,918,933</u>	<u>-</u>	<u>-</u>	<u>79,405,862</u>	<u>69,918,933</u>
<b>Total revenues</b>	<u>86,107,521</u>	<u>76,932,498</u>	<u>3,259,877</u>	<u>3,375,318</u>	<u>89,367,398</u>	<u>80,307,816</u>
<b>Expenses:</b>						
Instruction	36,756,354	40,341,818	-	-	36,756,354	40,341,818
Support services:						
Pupil	5,255,056	5,235,034	-	-	5,255,056	5,235,034
Instructional staff	5,167,170	5,115,420	-	-	5,167,170	5,115,420
Board of Education	392,114	390,937	-	-	392,114	390,937
Administration	5,131,871	5,409,443	-	-	5,131,871	5,409,443
Fiscal	1,739,623	1,946,483	-	-	1,739,623	1,946,483
Business	458,015	514,215	-	-	458,015	514,215
Operation and maintenance of plant	7,556,075	7,539,647	-	-	7,556,075	7,539,647
Pupil transportation	4,831,948	4,035,873	-	-	4,831,948	4,035,873
Central	1,856,891	1,957,176	-	-	1,856,891	1,957,176
Non-instructional services	2,796,650	2,732,136	-	-	2,796,650	2,732,136
Interest and fiscal charges	4,070,873	3,499,610	-	-	4,070,873	3,499,610
Food services	-	-	2,377,661	2,478,656	2,377,661	2,478,656
Uniform school supplies	-	-	5,999	7,651	5,999	7,651
Early childhood programs	<u>-</u>	<u>-</u>	<u>1,195,317</u>	<u>1,003,507</u>	<u>1,195,317</u>	<u>1,003,507</u>
<b>Total expenses</b>	<u>76,012,640</u>	<u>78,717,792</u>	<u>3,578,977</u>	<u>3,489,814</u>	<u>79,591,617</u>	<u>82,207,606</u>
<b>Change in net assets</b>	\$ <u>10,094,881</u>	<u>(1,785,294)</u>	<u>(319,100)</u>	<u>(114,496)</u>	<u>9,775,781</u>	<u>(1,899,790)</u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2005**  
**Unaudited**

Of the total governmental activities revenues of \$86,107,521, \$6,701,659 (8%) 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, 83% (\$65,629,652) comes from property tax levies and 13% (\$10,233,936) 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 about 15% for the current year. A portion of this increase was due to the recognition of a \$2.8 million personal property delinquency and the complete phase in of a restricted tax levy for debt services. In spite of a legislated phase out of the inventory portion of the personal property tax, actual personal property collections increased over the prior year by about 4%.

Of the governmental activities expenses, instruction decreased due the consolidation of two buildings into one and the placement of the School District's 6<sup>th</sup> graders into the junior high school. The consolidations are part of the School District's facilities improvement plan which permanently reduces the number of elementary schools from nine to eight.

For the current fiscal year a number of planned budget reductions were implemented which reduced expenses overall.

***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 \$36,756,354 but program revenue contributed to fund 10% of those costs. Thus, general revenues of \$33,127,694 were used to support of remainder of the instruction costs. The School District's governmental activities net assets increased by \$10,094,881 during the fiscal year due primarily to the increase in property tax revenues and investment income and a decline in expenses due to budget cuts and building consolidations.

**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	\$	36,756,354	3,628,660	10%	33,127,694
Support services		32,388,763	1,746,387	5%	30,642,376
Non-instructional services		2,796,650	1,326,612	47%	1,470,038
Interest and fiscal charges		<u>4,070,873</u>	<u>-</u>	0%	<u>4,070,873</u>
<b>Total</b>	<b>\$</b>	<b><u>76,012,640</u></b>	<b><u>6,701,659</u></b>	<b><u>9%</u></b>	<b><u>69,310,981</u></b>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2005**  
**Unaudited**

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***Business-type Activities***

Net assets of the business-type activities decreased by (\$319,100) 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 91% of the costs of the business-type activities..

<b>Business-type Activities</b>					
		<b><u>Total Cost</u></b>	<b><u>Program</u></b>	<b><u>Revenues</u></b>	<b><u>Net Cost</u></b>
		<b><u>of Services</u></b>	<b><u>Revenue</u></b>	<b><u>as a % of</u></b>	<b><u>(Revenue)</u></b>
				<b><u>Total Costs</u></b>	<b><u>of Services</u></b>
Food services	\$	2,377,661	2,189,186	92%	188,475
Early childhood programs		1,195,317	1,034,158	87%	161,159
Uniform school supplies		<u>5,999</u>	<u>36,533</u>	609%	<u>(30,534)</u>
<b>Total</b>	<b>\$</b>	<b><u>3,578,977</u></b>	<b><u>3,259,877</u></b>	<b><u>91%</u></b>	<b><u>319,100</u></b>

**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 \$167,173,974 (99%) of the total \$169,183,598 governmental funds assets.

**General Fund.** Fund balance at June 30, 2005 was \$34,998,000, including \$16,935,494 of unreserved balance, which represents 26% of expenditures for fiscal year 2005. The primary reasons for the increase in fund balance of \$7,477,094 were the increase in property tax revenues and investment earnings and the reduction of expenditures.

**Debt Service Fund.** Fund balance at June 30, 2005 was \$2,758,769. This fund will be used to accumulate resources to retire the \$85,000,000 of School Improvement Bonds issued during the prior 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, 2005**  
**Unaudited**

**Building Fund.** Fund balance at June 30, 2005 was \$74,460,026. The proceeds from the issuance of school improvement bonds in 2003 are being used to construct new buildings and renovate other buildings. The capital outlay expenditures incurred in the current fiscal year relate primarily to construction in progress and architect and construction manager fees.

**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 differences between the General Fund's Original Budget and Final Budget were due primarily to an increase in tuition and other revenues while expenditures in support services and extracurricular activities were reduced. 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, 2005, the School District had \$20,538,724 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 77%. 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>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 3,142,982	1,631,315	-	-	3,142,982	1,631,315
Construction in progress	11,271,089	3,077,445	-	-	11,271,089	3,077,445
Land improvements	800,046	712,974	-	-	800,046	712,974
Buildings and improvements	2,855,121	3,073,716	-	-	2,855,121	3,073,716
Equipment, furniture and books	1,770,706	2,243,099	208,642	243,435	1,979,348	2,486,534
Vehicles	<u>490,138</u>	<u>613,741</u>	<u>-</u>	<u>-</u>	<u>490,138</u>	<u>613,741</u>
Total	\$ <u>20,330,082</u>	<u>11,352,290</u>	<u>208,642</u>	<u>243,435</u>	<u>20,538,724</u>	<u>11,595,725</u>

Major capital asset events during the current fiscal year include the ongoing costs for construction of new school buildings.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2005**  
**Unaudited**

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**Debt**

During the current year, the School District issued new debt of \$558,000 for the purchase of nine new school buses. At the end of the current fiscal year, the School District had total bonded debt outstanding of \$86,745,177 (including issuance premiums) and Lease Purchase obligations of \$1,488,000. 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.

To further complicate the School District's funding challenges, the State's most recent budget bill (effective July 1, 2005) mandates that all personal property taxes be phased out. By 2010, the valuation on which the personal property tax is based will be reduced to zero. Though the state will reimburse school districts for the loss of this revenue, the reimbursement is temporary. Of the total property tax revenue collected by the School District, 43% comes from the personal property tax.

In fiscal year 2005, the School District made budget reductions but will need to ask its taxpayers to approve an operating levy in 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, 2005

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 100,561,307	578,947	101,140,254
Investment with fiscal agent	164,001	-	164,001
<b>Receivables:</b>			
Taxes	65,723,808	-	65,723,808
Accounts	548,545	6,409	554,954
Intergovernmental	814,390	266,700	1,081,090
Interest	248,557	-	248,557
Supplies inventory	67,288	31,471	98,759
Internal balances	37,940	(37,940)	-
Restricted cash and investments	592,611	-	592,611
Deferred charges	864,299	-	864,299
Nondepreciable capital assets	14,414,071	-	14,414,071
Depreciable capital assets, net	5,916,011	208,642	6,124,653
<b>Total assets</b>	<u>189,952,828</u>	<u>1,054,229</u>	<u>191,007,057</u>
<b>Liabilities:</b>			
Accounts payable	2,480,541	14,997	2,495,538
Accrued wages and benefits	4,998,410	238,365	5,236,775
Intergovernmental payable	1,733,282	138,717	1,871,999
Deferred revenue	42,988,500	-	42,988,500
Accrued interest payable	325,700	-	325,700
<b>Long-term liabilities:</b>			
Due within one year	2,098,924	12,929	2,111,853
Due within more than one year	88,341,512	22,213	88,363,725
<b>Total liabilities</b>	<u>142,966,869</u>	<u>427,221</u>	<u>143,394,090</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	6,505,305	208,642	6,713,947
<b>Restricted for:</b>			
Capital projects	387,924	-	387,924
Other purposes	5,334,719	-	5,334,719
Unrestricted	34,758,011	418,366	35,176,377
<b>Total net assets</b>	<u>\$ 46,985,959</u>	<u>627,008</u>	<u>47,612,967</u>

See accompanying notes to the basic financial statements.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Statement of Activities  
Year Ended June 30, 2005

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$ 27,427,926	1,663,279	604,463	51,345
Special education	7,995,537	-	1,309,573	-
Other instruction	1,332,891	-	-	-
Support services:				
Pupil	5,255,056	-	791,657	-
Instructional staff	5,167,170	-	707,010	-
Board of Education	392,114	-	-	-
Administration	5,131,871	-	170,563	-
Fiscal	1,739,623	-	-	-
Business	458,015	-	-	-
Operation and maintenance of plant	7,556,075	-	8,945	-
Pupil transportation	4,831,948	-	-	-
Central	1,856,891	-	68,212	-
Non-instructional services:				
Extracurricular activities	1,555,359	136,202	-	-
Community service	1,241,291	-	1,190,410	-
Interest and fiscal charges	4,070,873	-	-	-
<b>Total Governmental Activities</b>	<b>76,012,640</b>	<b>1,799,481</b>	<b>4,850,833</b>	<b>51,345</b>
<b>Business-Type Activities:</b>				
Food Service	2,377,661	960,987	1,228,199	-
Uniform School Supplies	5,999	36,533	-	-
Early Childhood Programs	1,195,317	1,034,158	-	-
<b>Total Business-Type Activities</b>	<b>3,578,977</b>	<b>2,031,678</b>	<b>1,228,199</b>	<b>-</b>
	\$ <b>79,591,617</b>	<b>3,831,159</b>	<b>6,079,032</b>	<b>51,345</b>

**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

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
\$	(25,108,839)	-	(25,108,839)
	(6,685,964)	-	(6,685,964)
	(1,332,891)	-	(1,332,891)
	(4,463,399)	-	(4,463,399)
	(4,460,160)	-	(4,460,160)
	(392,114)	-	(392,114)
	(4,961,308)	-	(4,961,308)
	(1,739,623)	-	(1,739,623)
	(458,015)	-	(458,015)
	(7,547,130)	-	(7,547,130)
	(4,831,948)	-	(4,831,948)
	(1,788,679)	-	(1,788,679)
	-	-	-
	(1,419,157)	-	(1,419,157)
	(50,881)	-	(50,881)
	<u>(4,070,873)</u>	<u>-</u>	<u>(4,070,873)</u>
	<u>(69,310,981)</u>	<u>-</u>	<u>(69,310,981)</u>
	-	(188,475)	(188,475)
	-	30,534	30,534
	<u>-</u>	<u>(161,159)</u>	<u>(161,159)</u>
	<u>-</u>	<u>(319,100)</u>	<u>(319,100)</u>
	<u>(69,310,981)</u>	<u>(319,100)</u>	<u>(69,630,081)</u>
	60,265,447	-	60,265,447
	5,364,205	-	5,364,205
	10,233,936	-	10,233,936
	2,209,135	-	2,209,135
	1,333,139	-	1,333,139
	<u>79,405,862</u>	<u>-</u>	<u>79,405,862</u>
	10,094,881	(319,100)	9,775,781
	<u>36,891,078</u>	<u>946,108</u>	<u>37,837,186</u>
\$	<u><u>46,985,959</u></u>	<u><u>627,008</u></u>	<u><u>47,612,967</u></u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Balance Sheet  
 Governmental Funds  
 June 30, 2005

	General	Debt Service Fund	Building Fund	Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 22,308,924	967,749	76,089,709	1,194,925
Investment with fiscal agent	14,139	-	149,862	-
Restricted cash and investments	592,611	-	-	-
Receivables:				
Taxes	59,519,185	6,204,623	-	-
Accounts	547,339	-	-	1,206
Accrued interest	130,240	-	118,317	-
Intergovernmental	897	-	-	813,493
Materials and supplies inventory	67,288	-	-	-
Interfund receivable	463,091	-	-	-
<b>Total assets</b>	<u>83,643,714</u>	<u>7,172,372</u>	<u>76,357,888</u>	<u>2,009,624</u>
<b>Liabilities:</b>				
Accounts payable	391,424	-	1,809,545	279,572
Accrued wages and benefits	4,835,772	-	-	162,638
Intergovernmental payable	1,677,167	-	-	56,115
Interfund payable	-	-	-	425,151
Compensated absences payable	115,195	-	-	-
Deferred revenue	41,626,156	4,413,603	88,317	401,397
<b>Total liabilities</b>	<u>48,645,714</u>	<u>4,413,603</u>	<u>1,897,862</u>	<u>1,324,873</u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	192,607	-	27,589,716	311,578
Budget stabilization	592,611	-	-	-
Property taxes	17,210,000	1,655,000	-	-
Materials and supplies inventory	67,288	-	-	-
Unreserved, reported in:				
General Fund	16,935,494	-	-	-
Special Revenue Funds	-	-	-	369,958
Debt Service Fund	-	1,103,769	-	-
Capital Projects Funds	-	-	46,870,310	3,215
<b>Total fund balances</b>	<u>34,998,000</u>	<u>2,758,769</u>	<u>74,460,026</u>	<u>684,751</u>
<b>Total liabilities and fund balances</b>	<u>\$ 83,643,714</u>	<u>7,172,372</u>	<u>76,357,888</u>	<u>2,009,624</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2005

<p>Total Governmental Funds</p> <hr/> <p>100,561,307 164,001 592,611</p> <p>65,723,808 548,545 248,557 814,390 67,288 463,091</p> <hr/> <p>169,183,598</p> <p>2,480,541 4,998,410 1,733,282 425,151 115,195 46,529,473</p> <hr/> <p>56,282,052</p> <p>28,093,901 592,611</p> <p>18,865,000 67,288</p> <p>16,935,494 369,958 1,103,769 46,873,525</p> <hr/> <p>112,901,546</p> <hr/> <p>169,183,598</p>	<p><b>Total Governmental Fund Balances</b> <span style="float: right;">\$ 112,901,546</span></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. <span style="float: right;">20,330,082</span></p> <p>Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds. <span style="float: right;">3,540,973</span></p> <p>Deferred charges on the statement of net assets are not capitalized in the funds. <span style="float: right;">\$864,299</span></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: 20px;">General obligation bonds</td> <td style="text-align: right;">86,745,177</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Compensated absences</td> <td style="text-align: right;">1,743,253</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Capital leases payable</td> <td style="text-align: right;">348,811</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Lease purchase agreement</td> <td style="text-align: right;">1,488,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Accrued interest payable</td> <td style="text-align: right;"><u>325,700</u></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td></td> <td style="text-align: right;"><u>(90,650,941)</u></td> </tr> </table> <p>Net Assets of Governmental Activities <span style="float: right;">\$ <u>46,985,959</u></span></p>	General obligation bonds	86,745,177		Compensated absences	1,743,253		Capital leases payable	348,811		Lease purchase agreement	1,488,000		Accrued interest payable	<u>325,700</u>		Total		<u>(90,650,941)</u>	
General obligation bonds	86,745,177																			
Compensated absences	1,743,253																			
Capital leases payable	348,811																			
Lease purchase agreement	1,488,000																			
Accrued interest payable	<u>325,700</u>																			
Total		<u>(90,650,941)</u>																		

**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2005

	General	Debt Service Fund	Building Fund	Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 60,362,569	5,378,350	-	-
Tuition and fees	1,663,279	-	-	-
Interest	529,377	40,757	1,632,145	9,321
Intergovernmental	10,137,177	267,914	-	4,502,589
Other local revenues	1,230,543	-	-	233,693
<b>Total revenues</b>	<u>73,922,945</u>	<u>5,687,021</u>	<u>1,632,145</u>	<u>4,745,603</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	26,183,413	-	-	641,346
Special education	6,787,701	-	-	1,218,532
Other instruction	1,327,014	-	-	-
Support services:				
Pupil	4,585,359	-	-	667,689
Instructional staff	4,436,805	-	-	701,860
Board of Education	388,534	-	-	-
Administration	4,877,418	-	-	249,678
Fiscal	1,629,892	40,971	164,250	1,516
Business	458,015	-	-	-
Operation and maintenance of plant	7,298,275	-	-	8,946
Pupil transportation	4,708,244	-	-	4,709
Central	1,680,653	-	50,080	60,631
Non-instructional services:				
Extracurricular activities	1,114,276	-	206,829	414,101
Community service	18,917	-	-	1,239,105
Capital outlay	97,627	-	9,607,406	-
Debt Service:				
Principal	359,262	916,354	-	-
Interest and fiscal charges	42,766	4,094,675	-	-
<b>Total expenditures</b>	<u>65,994,171</u>	<u>5,052,000</u>	<u>10,028,565</u>	<u>5,208,113</u>
Excess of revenues over (under) expenditures	<u>7,928,774</u>	<u>635,021</u>	<u>(8,396,420)</u>	<u>(462,510)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	713,177	-	296,503
Transfers out	(1,009,680)	-	-	-
Proceeds from lease purchase agreement	558,000	-	-	-
<b>Total other financing sources (uses):</b>	<u>(451,680)</u>	<u>713,177</u>	<u>-</u>	<u>296,503</u>
Net change in fund balance	7,477,094	1,348,198	(8,396,420)	(166,007)
Fund balance, beginning of year, restated	27,520,906	1,410,571	82,856,446	850,758
Fund balance, end of year	\$ <u>34,998,000</u>	<u>2,758,769</u>	<u>74,460,026</u>	<u>684,751</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, 2005

Total Governmental Funds		\$ 262,865
	<b>Net Change in Fund Balances - Total Governmental Funds</b>	
65,740,919	Amounts reported for governmental activities in the	
1,663,279	statement of activities are different because	
2,211,600		
14,907,680	Governmental funds report capital outlays as expenditures. However, in the	
1,464,236	statement of activities, the cost of those assets is allocated over their estimated	
85,987,714	estimated useful lives as depreciation expense.	
	Capital outlay	10,279,124
	Depreciation expense	<u>(1,301,332)</u>
		8,977,792
26,824,759	Repayment of bond principal is an expenditure in the governmental funds, but	
8,006,233	the repayment reduces long-term liabilities in the statement of net assets.	394,354
1,327,014		
5,253,048	In the statement of activities, interest is accrued on outstanding bonds,	
5,138,665	whereas in governmental funds, an interest expenditure is reported when due.	22,271
388,534		
5,127,096	Some expenses reported in the statement of activities, such as compensated	
1,836,629	absences do not require the use of current financial resources	
458,015	and therefore are not reported as expenditures in governmental funds.	(44,662)
7,307,221		
4,712,953	Revenues in the statement of activities that do not provide current financial	
1,791,364	resources are not reported as revenues in the funds.	114,702
1,735,206	Repayment of capital lease principal is an expenditure in the	
1,258,022	governmental funds but the repayment reduces long-term liabilities in	
9,705,033	the statement of net assets.	359,262
1,275,616	Repayment of lease purchase agreement principal is an expenditure in the	
4,137,441	governmental funds but the repayment reduces long-term liabilities in	
86,282,849	the statement of net assets.	522,000
(295,135)	The issuance of long-term debt provides current financial resources to	
	governmental funds but has no effect on net assets	(558,000)
1,009,680	Governmental funds report the effect of issuance costs and premiums when	
(1,009,680)	debt is first issued, whereas these amounts are deferred and amortized in	
558,000	the statement of activities.	
558,000	Premium on sale of bonds	78,302
	Bond issuance costs	<u>(34,005)</u>
		<u>44,297</u>
262,865		
112,638,681	Change in Net Assets of Governmental Activities	\$ <u>10,094,881</u>
112,901,546		

# PRINCETON CITY SCHOOL DISTRICT, OHIO

## Statement of Net Assets

### Proprietary Funds

June 30, 2005

	<u>Nonmajor Enterprise Funds</u>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and investments	\$ 578,947
Receivables:	
Accounts	6,409
Intergovernmental	266,700
Materials and supplies inventory	<u>31,471</u>
Total current assets	<u>883,527</u>
Noncurrent assets:	
Capital assets, net	<u>208,642</u>
<b>Total assets</b>	<u>1,092,169</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	14,997
Accrued wages	238,365
Intergovernmental payable	138,717
Interfund payable	<u>37,940</u>
Total current liabilities	<u>430,019</u>
Noncurrent liabilities:	
Compensated absences	<u>35,142</u>
<b>Total liabilities</b>	<u>465,161</u>
<b>Net Assets:</b>	
Invested in capital assets	208,642
Unrestricted	<u>418,366</u>
<b>Total net assets</b>	<u>\$ 627,008</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, 2005

	<u>Nonmajor Enterprise Funds</u>
<b>Operating revenues:</b>	
Charges for services	\$ <u>2,031,678</u>
<b>Total operating revenues</b>	<u>2,031,678</u>
<b>Operating expenses:</b>	
Salaries and wages	1,796,081
Fringe benefits	628,664
Contractual services	33,767
Materials and supplies	1,069,061
Depreciation	34,793
Other expenses	<u>16,611</u>
<b>Total operating expenses</b>	<u>3,578,977</u>
Operating loss	(1,547,299)
<b>Nonoperating revenues:</b>	
Operating grants	1,224,644
Interest income	<u>3,555</u>
<b>Total nonoperating revenues</b>	<u>1,228,199</u>
Net loss	(319,100)
Net assets, beginning of year	<u>946,108</u>
Net assets, end of year	\$ <u><u>627,008</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, 2005

	<u>Nonmajor Enterprise Funds</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 2,040,521
Cash payments for personal services	(2,389,533)
Cash payments for contract services	(27,464)
Cash payments for supplies and materials	(968,128)
Cash payments for other expenses	<u>(16,611)</u>
Net cash used by operating activities	<u>(1,361,215)</u>
<b>Cash flows from noncapital financing activities:</b>	
Interfund loan (repayment)	37,940
Cash received from operating grants	<u>1,063,204</u>
Net cash provided by noncapital financing activities	<u>1,101,144</u>
<b>Cash flows from investing activities:</b>	
Investment income	<u>3,555</u>
Net decrease in cash and investments	(256,516)
Cash and investments at beginning of year	<u>835,463</u>
Cash and investments at end of year	\$ <u>578,947</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	(1,547,299)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	34,793
Donated commodities used	114,361
Changes in assets and liabilities:	
Accounts receivable	8,843
Accounts payable	5,003
Supplies inventory	(12,128)
Accrued wages and benefits	80,491
Intergovernmental payable	(15,914)
Compensated absences payable	<u>(29,365)</u>
Net cash used by operating activities	\$ <u>(1,361,215)</u>

See accompanying notes to the basic financial statements.



**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Statement of Net Assets

Fiduciary Funds

June 30, 2005

		Private Purpose Trusts	Agency Fund
		<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Equity in pooled cash and investments	\$	<u>334,719</u>	<u>99,722</u>
Total assets		<u><u>334,719</u></u>	<u><u>99,722</u></u>
<b>LIABILITIES</b>			
Accounts payable		-	14,818
Due to student groups		<u>-</u>	<u>84,904</u>
Total liabilities		<u>-</u>	<u><u>99,722</u></u>
<b>NET ASSETS</b>			
Held in trust	\$	<u><u>334,719</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, 2005

		<u>Private- Purpose Trust Funds</u>
<b>Additions:</b>		
Contributions	\$	7,449
Interest		<u>5,611</u>
Total additions		<u>13,060</u>
<b>Deductions:</b>		
Community gifts, awards and scholarships		<u>61,824</u>
Total deductions		<u>61,824</u>
Change in net assets		(48,764)
Net assets, beginning of year		<u>383,483</u>
Net assets, end of year	\$	<u><u>334,719</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, 2005**

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**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.

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, 2005**

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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 13 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 financials 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, 2005**

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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, 2005**

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*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, 2005**

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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, 2005 which are intended to finance fiscal year 2006 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. 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 2005, 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, 2005.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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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, 2005 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.

**F. 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.

**G. 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 \$2,500 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.



**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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All reported capital assets except land and construction in progress 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

**H. 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.

**I. 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.

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.

**J. 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.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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**K. 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.

**L. 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.

**M. Net Assets**

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

**N. 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.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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**2. CHANGE IN ACCOUNTING PRINCIPLES**

The School District has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk and outlines disclosure requirements.

The School District has implemented GASB Technical Bulletin 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers*. The Technical Bulletin clarifies the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple employer pension and other postemployment benefit plans. The implementation of GASB Technical Bulletin 2004-2 had the following effect on fund balances previously reported:

	General Fund	Nonmajor Governmental Funds
Fund balance at June 30, 2004 as previously reported	\$ 28,069,768	870,265
Implementation of GASB Technical Bulletin 2004-2	<u>(548,862)</u>	<u>(19,507)</u>
Fund balance at June 30, 2004, restated	\$ <u>27,520,906</u>	<u>850,758</u>

**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.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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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;
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.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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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" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

Deposits

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. At year-end, \$3,837,865 of the School District's bank balance of \$4,037,865 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

The School District's investments at June 30, 2005 are as summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity Years</u>
FHLB	\$ 28,896,255	0.45
FNMA	39,169,260	0.53
FHLMC	29,127,924	0.61
Investment with Bayerische Hypd Und Verinsbank	164,001	-
Star Ohio	3,560,108	-
US Money Market	<u>71,293</u>	<u>-</u>
	<u>\$ 100,988,841</u>	<u>0.51</u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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*Credit Risk*

It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The School District's investments in FHLB, FNMA and FHLMC securities were rated AAA by Standard & Poor's and Aaa by Moody's. The School District's investments in the U.S. Money Market Funds were rated AAA by Standard & Poor's. Investments in STAR Ohio were rated AAAM by Standard & Poor's.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a failure of a counter party, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment securities are registered in the name of the School District except for its investments in Star Ohio and the US Money Market which are not evidenced by securities that exist in physical or book entry form.

*Concentration of Credit Risk*

The School District's policy places no limit on the amount it may invest in any one issuer. The School District investments in FHLB, FNMA, and FHLMC securities represent 29%, 39%, and 29%, respectively, of the School District's total investments.

*Interest Rate Risk*

In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

**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.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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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, 2005, are available to finance fiscal year 2005 operations. The amount available for advance can vary based on the date the tax bills are sent.

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, 2005. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amounts available for advance at June 30, 2005 were \$17,210,000 and \$1,655,000 in the General Fund and Debt Service Fund, respectively.

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

	<u>2004 Second- Half Collections</u>		<u>2005 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 1,358,732,160	74.27%	1,367,594,010	73.62%
Public Utility	66,068,790	3.61%	68,900,980	3.71%
Tangible Personal Property	<u>404,687,168</u>	22.12%	<u>421,066,962</u>	22.67%
Total Assessed Value	\$ <u>1,829,488,118</u>	100.00%	<u>1,857,561,952</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$49.03		\$49.03

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

**5. INTERFUND TRANSACTIONS**

On the fund financial statements, the General Fund has a receivable of \$463,091 that consists of \$425,151 and \$37,940 due from nonmajor governmental funds and nonmajor enterprise funds, respectively. These interfund loans were made to provide operating capital.

During the year ended June 30, 2005, the General Fund made transfers of \$1,009,680 in amounts of \$713,177 and \$296,503 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.

**6. CAPITAL ASSETS**

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

	Balance 7/1/04	Additions	Disposals	Balance 6/30/05
<b><i>Governmental Activities</i></b>				
<b>Non-depreciable:</b>				
Land	\$ 1,631,315	1,511,667	-	3,142,982
Construction in progress	3,077,445	8,193,644	-	11,271,089
Subtotal	<u>4,708,760</u>	<u>9,705,311</u>	<u>-</u>	<u>14,414,071</u>
<b>Depreciable:</b>				
Land improvements	3,840,659	200,400	-	4,041,059
Buildings and improvements	19,057,557	-	-	19,057,557
Equipment, furniture and books	6,553,914	319,581	-	6,873,495
Vehicles	3,860,066	53,832	-	3,913,898
Subtotal	<u>33,312,196</u>	<u>573,813</u>	<u>-</u>	<u>33,886,009</u>
Totals at historical cost	<u>38,020,956</u>	<u>10,279,124</u>	<u>-</u>	<u>48,300,080</u>
Less accumulated depreciation:				
Land improvements	3,127,685	113,328	-	3,241,013
Buildings and improvements	15,983,841	218,595	-	16,202,436
Equipment, furniture and books	4,310,815	791,974	-	5,102,789
Vehicles	3,246,325	177,435	-	3,423,760
Total accumulated depreciation	<u>26,668,666</u>	<u>1,301,332</u>	<u>-</u>	<u>27,969,998</u>
Capital assets, net	<u>\$ 11,352,290</u>	<u>8,977,792</u>	<u>-</u>	<u>20,330,082</u>



**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

	Balance 7/1/04	Additions	Disposals	Balance 6/30/05
<b><i>Business-type Activities:</i></b>				
Furniture and equipment	\$ 614,780	-	-	614,780
Less accumulated depreciation	371,345	34,793	-	406,138
Capital assets, net	\$ 243,435	(34,793)	-	208,642

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 685,123
Special	2,212
Other	5,877
Support services:	
Pupil	2,008
Instructional staff	40,078
Board of Education	3,580
Administration	4,775
Fiscal	900
Operation and maintenance of plant	296,548
Pupil transportation	172,827
Central	60,422
Extracurricular activities	26,982
Total depreciation expense	\$ 1,301,332

Depreciation expense of \$34,595 and \$198 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.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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**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.

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, 2005, 2004, and 2003 were approximately \$1,925,000, \$1,855,000, and \$1,842,000 respectively; 54% has been contributed for fiscal year 2005 and 100% for fiscal years 2004 and 2003. The current portion of the contribution for fiscal year 2005 is recorded as a liability within the respective funds.

**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 basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS 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.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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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.

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, 2005, 2004, and 2003 were approximately \$4,504,000, \$4,775,000 and \$4,515,000 respectively; 82% has been contributed for fiscal year 2005 and 100% for fiscal years 2004 and 2003. The unpaid contribution for fiscal year 2005 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, 2005, 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 \$322,000 during fiscal year 2005. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.1 million at June 30, 2004. For the year ended June 30, 2004, net health care costs paid by STRS were \$268.7 million and STRS had 111,853 eligible benefit recipients.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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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 2005, 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.

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, 2004 were \$223.4 million and the target level was \$335.2 million. At June 30, 2004, 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 \$675,000 during the 2005 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.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

**11. LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 7/1/04	Additions	Reductions	Principal Outstanding 6/30/05	Amounts Due in One Year
<b>Governmental Activities:</b>					
General obligation bonds:					
Energy Conservation	\$ 149,354	-	(149,354)	-	-
School Improvement	85,000,000	-	(245,000)	84,755,000	1,325,000
Issuance premiums	2,068,479	-	(78,302)	1,990,177	-
Capital leases payable	708,073	-	(359,262)	348,811	218,729
Lease-purchase agreements	1,452,000	558,000	(522,000)	1,488,000	440,000
Compensated absences	2,022,978	159,857	(324,387)	1,858,448	115,195
<b>Total</b>	<b>\$ 91,400,884</b>	<b>717,857</b>	<b>(1,678,305)</b>	<b>90,440,436</b>	<b>2,098,924</b>
<b>Business-type Activities:</b>					
Compensated absences	\$ 64,507	35,142	(64,507)	35,142	12,929

*Energy Conservation Bonds* – The School District issued Energy Conservation bonds on June 7, 2000 bearing interest at 5.90%. These bonds matured on May 7, 2005.

*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
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	1,190,000	3,833,745	5,023,745
2011 - 2015	7,510,000	18,424,058	25,934,058
2016 - 2020	12,420,000	16,079,681	28,499,681
2021 - 2025	19,955,000	11,986,156	31,941,156
2026 - 2030	30,045,000	5,857,125	35,902,125
2031	7,635,000	190,875	7,825,875
<b>Total</b>	<b>\$ 84,755,000</b>	<b>72,163,070</b>	<b>156,918,070</b>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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During the year ended June 30, 2004, the School District authorized financing for High School stadium turf, software acquisition, and bus purchases in the amounts of \$794,000, \$809,000 and \$558,000, respectively with lease-purchase agreements 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,		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$	440,000	50,154	490,154
2007		453,000	36,912	489,912
2008		469,000	21,762	490,762
2009		<u>126,000</u>	<u>4,744</u>	<u>130,744</u>
Total	\$	<u>1,488,000</u>	<u>113,572</u>	<u>1,601,572</u>

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 \$71,360,253 with an unvoted debt margin of \$1,734,614 at June 30, 2005.

**12. 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, 2005 with accumulated depreciation of \$1,806,106. 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, 2005:

	<u>Year Ending June 30</u>	
	2006	\$ 238,733
	2007	125,375
	2008	<u>9,148</u>
Minimum lease payments		373,256
Less: Amount representing interest		<u>24,445</u>
Present value of minimum lease payments		<u>\$ 348,811</u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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**13. 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.

*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.

**14. 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, 2005.

**Litigation**

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

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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**15. 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.

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, 2004	\$	(2,717,638)	-	592,611
Current year set-aside requirement		848,593	848,593	-
Less qualifying disbursements		<u>(1,614,809)</u>	<u>(2,566,494)</u>	<u>-</u>
Total		<u>(3,483,854)</u>	<u>(1,717,901)</u>	<u>592,611</u>
Balance carried to FY2006		<u>(3,483,854)</u>	<u>-</u>	<u>592,611</u>
Cash balance as of June 30, 2005	\$	<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.

**16. 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.



**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2005**

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**17. DEFICIT FUND BALANCES**

At June 30, 2005, the following funds had deficit fund balances:

Special Revenue Funds:	
Athletic Fund	\$49,436
Title III Fund	\$3,217
Title VI Fund	\$220,573

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**  
Schedule of Revenues, Expenditures  
And Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 55,069,334	\$ 54,881,790	\$ 55,100,511	\$ 218,721
Tuition	1,064,994	1,564,994	1,564,994	-
Transportation fees	720	720	720	-
Earnings on investments	504,169	522,043	484,965	(37,078)
Classroom materials and fees	9,620	9,620	9,620	-
Other revenues	800,000	894,835	894,706	(129)
Intermediate sources	28,477	28,477	28,477	-
Intergovernmental - State	9,752,381	9,802,381	9,802,381	-
Intergovernmental - Federal	511,365	511,365	511,365	-
<b>Total revenues</b>	<b>67,741,060</b>	<b>68,216,225</b>	<b>68,397,739</b>	<b>181,514</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	34,045,000	35,132,477	35,018,548	113,929
Support services	32,376,979	30,525,118	30,470,777	54,341
Operation of non-instructional services	70,500	15,384	13,930	1,454
Extracurricular activities	1,046,000	947,140	947,140	-
Facilities acquisition and construction services	91,000	90,562	90,562	-
<b>Total expenditures</b>	<b>67,629,479</b>	<b>66,710,681</b>	<b>66,540,957</b>	<b>169,724</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>111,581</b>	<b>1,505,544</b>	<b>1,856,782</b>	<b>351,238</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	43,988	56,708	65,376	8,668
Operating transfers (out)	(1,000,000)	(1,046,536)	(1,156,257)	(109,721)
Advances in	400,000	1,130,855	1,130,855	-
Advances (out)	(425,000)	(424,782)	(424,782)	-
Proceeds of sale of inventory	-	5,292	5,292	-
Proceeds of sale of notes	-	543,861	543,861	-
Refund of prior year expenditures	-	48,354	48,354	-
Refund of prior year receipts	(20,000)	(18,331)	(18,331)	-
<b>Total other financing sources (uses)</b>	<b>(1,001,012)</b>	<b>295,421</b>	<b>194,368</b>	<b>(101,053)</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(889,431)</b>	<b>1,800,965</b>	<b>2,051,150</b>	<b>250,185</b>
Fund balance, July 1	19,854,357	19,854,357	19,854,357	-
Prior year encumbrances appropriated	726,262	726,262	726,262	-
<b>Fund balance, June 30</b>	<b>\$ 19,691,188</b>	<b>\$ 22,381,584</b>	<b>\$ 22,631,769</b>	<b>\$ 250,185</b>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
Notes to Required Supplementary Information  
Year Ended June 30, 2005

**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	\$ 7,477,094
Due to revenues	(5,519,914)
Due to expenditures	(132,346)
Due to other sources (uses)	640,756
Due to encumbrances	(414,440)
Excess of revenues and other sources over (under) expenditures and other uses – Budget Basis	\$ 2,051,150

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COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

## NONMAJOR SPECIAL REVENUE FUNDS

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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.

REDUCING CLASS SIZE (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.

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## NONMAJOR CAPITAL PROJECTS FUNDS

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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.

SCHOOL NET PLUS: To account for state funds appropriated for wiring to all seventh grade classrooms and provide a computer workstation and related technology.

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## NONMAJOR ENTERPRISE FUNDS

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The Enterprise 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 good and services to the public be financed and recovered primarily through user charges.

FOOD SERVICE: To account for all financial transactions related to food service operation.

EARLY CHILDHOOD PROGRAMS: To account for preschool, extended day, and all day kindergarten operations provided to students and financed primarily through user charges.

UNIFORM SCHOOL SUPPLIES: To account for the purchase and sale of school supplies with any profits used for school purposes or activities in connection with the school.

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## AGENCY FUND

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STUDENT ACTIVITIES: To account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 1,191,710	3,215	1,194,925
Net receivables:			
Accounts	1,206	-	1,206
Intergovernmental	813,493	-	813,493
<b>Total assets</b>	<u>2,006,409</u>	<u>3,215</u>	<u>2,009,624</u>
<b>Liabilities:</b>			
Accounts payable	279,572	-	279,572
Accrued wages and benefits	162,638	-	162,638
Intergovernmental payable	56,115	-	56,115
Deferred revenue	401,397	-	401,397
Interfund payable	425,151	-	425,151
<b>Total liabilities</b>	<u>1,324,873</u>	<u>-</u>	<u>1,324,873</u>
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	311,578	-	311,578
Unreserved, reported in:			
Special Revenue Funds	369,958	-	369,958
Capital Projects Funds	-	3,215	3,215
<b>Total fund balances</b>	<u>681,536</u>	<u>3,215</u>	<u>684,751</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,006,409</u>	<u>3,215</u>	<u>2,009,624</u>

## PRINCETON CITY SCHOOL DISTRICT, OHIO

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

Nonmajor Governmental Funds

Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Interest	\$ 9,265	56	9,321
Other local revenues	233,693	-	233,693
Intergovernmental	4,451,244	51,345	4,502,589
<b>Total revenues</b>	<u>4,694,202</u>	<u>51,401</u>	<u>4,745,603</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	590,460	50,886	641,346
Special	1,218,532	-	1,218,532
Support services:			
Pupil	667,689	-	667,689
Instructional staff	701,860	-	701,860
School administration	249,678	-	249,678
Fiscal	1,516	-	1,516
Business	-	-	-
Operations and maintenance	8,946	-	8,946
Pupil transportation	4,709	-	4,709
Central	60,631	-	60,631
Community services	1,239,105	-	1,239,105
Non-instructional services:			
Extracurricular activities	414,101	-	414,101
<b>Total expenditures</b>	<u>5,157,227</u>	<u>50,886</u>	<u>5,208,113</u>
Excess of revenues over (under) expenditures	<u>(463,025)</u>	<u>515</u>	<u>(462,510)</u>
<b>Other financing sources</b>			
Operating transfers in	296,503	-	296,503
<b>Total other financing sources</b>	<u>296,503</u>	<u>-</u>	<u>296,503</u>
Net change in fund balances	(166,522)	515	(166,007)
Fund balance, beginning of year	848,058	2,700	850,758
Fund balance, end of year	\$ <u>681,536</u>	<u>3,215</u>	<u>684,751</u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2005

	Public School Support	Other Grants	Venture Capital	Athletic	Auxiliary Service	Career Development
<b>Assets:</b>						
Equity in pooled cash and investments	\$ 130,889	10,751	-	-	340,851	-
Net receivables:						
Accounts	1,206	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
<b>Total assets</b>	<u>132,095</u>	<u>10,751</u>	<u>-</u>	<u>-</u>	<u>340,851</u>	<u>-</u>
<b>Liabilities:</b>						
Accounts payable	2,441	-	-	9,163	142,037	-
Accrued wages and benefits	-	-	-	-	10,244	-
Intergovernmental payable	135	-	-	1,964	5,888	-
Deferred revenue	-	-	-	-	-	-
Interfund loans payable	4,400	-	-	38,309	-	-
Compensated absences payable	-	-	-	-	-	-
<b>Total liabilities</b>	<u>6,976</u>	<u>-</u>	<u>-</u>	<u>49,436</u>	<u>158,169</u>	<u>-</u>
<b>Fund Balances:</b>						
Fund Balances						
Reserved for:						
Encumbrances	6,727	-	-	9,903	114,420	-
Unreserved-undesignated	<u>118,392</u>	<u>10,751</u>	<u>-</u>	<u>(59,339)</u>	<u>68,262</u>	<u>-</u>
<b>Total fund balances</b>	<u>125,119</u>	<u>10,751</u>	<u>-</u>	<u>(49,436)</u>	<u>182,682</u>	<u>-</u>
<b>Total liabilities and fund balances \$</b>	<u>132,095</u>	<u>10,751</u>	<u>-</u>	<u>-</u>	<u>340,851</u>	<u>-</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>
-	13,039	10,085	-	-	7,781	21,053	23,406	10,092
-	-	-	-	-	-	-	-	-
-	-	-	76,856	-	-	11,031	23,692	41,379
<u>-</u>	<u>13,039</u>	<u>10,085</u>	<u>76,856</u>	<u>-</u>	<u>7,781</u>	<u>32,084</u>	<u>47,098</u>	<u>51,471</u>
-	625	-	-	-	-	343	18,064	-
-	-	7,794	-	-	-	5,998	269	-
-	-	446	-	-	22	533	239	-
-	-	-	76,856	-	-	11,031	-	-
-	-	-	-	-	-	-	25,948	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>625</u>	<u>8,240</u>	<u>76,856</u>	<u>-</u>	<u>22</u>	<u>17,905</u>	<u>44,520</u>	<u>-</u>
-	4,875	-	-	-	-	4,026	5,519	-
-	7,539	1,845	-	-	7,759	10,153	(2,941)	51,471
-	12,414	1,845	-	-	7,759	14,179	2,578	51,471
<u>-</u>	<u>13,039</u>	<u>10,085</u>	<u>76,856</u>	<u>-</u>	<u>7,781</u>	<u>32,084</u>	<u>47,098</u>	<u>51,471</u>

(Continued)

**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2005

(Continued)

	Alternative Schools	Misc. State Grants	Title II	Title VI-B	Vocational Education	Title III
<b>Assets:</b>						
Equity in pooled cash and investments	\$ 20,899	114,231	-	62,864	15,001	1,522
Net receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	23,663	3,000	-	414,710	2,637	20,559
<b>Total assets</b>	<u>44,562</u>	<u>117,231</u>	<u>-</u>	<u>477,574</u>	<u>17,638</u>	<u>22,081</u>
<b>Liabilities:</b>						
Accounts payable	-	235	-	28,641	1,500	1,148
Accrued wages and benefits	-	4,423	-	41,377	436	3,283
Intergovernmental payable	932	2,160	-	23,027	-	624
Deferred revenue	-	3,000	-	146,075	-	14,317
Interfund loans payable	-	-	-	129,950	-	5,926
Compensated absences payable	-	-	-	-	-	-
<b>Total liabilities</b>	<u>932</u>	<u>9,818</u>	<u>-</u>	<u>369,070</u>	<u>1,936</u>	<u>25,298</u>
<b>Fund Balances:</b>						
Fund Balances						
Reserved for:						
Encumbrances	39,233	1,894	-	68,709	-	404
Unreserved-undesignated	4,397	105,519	-	39,795	15,702	(3,621)
<b>Total fund balances</b>	<u>43,630</u>	<u>107,413</u>	<u>-</u>	<u>108,504</u>	<u>15,702</u>	<u>(3,217)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 44,562</u>	<u>117,231</u>	<u>-</u>	<u>477,574</u>	<u>17,638</u>	<u>22,081</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>
192,917	-	3,712	1,679	111,179	99,759	1,191,710
-	-	-	-	-	-	1,206
<u>74,911</u>	<u>-</u>	<u>16,220</u>	<u>-</u>	<u>93,241</u>	<u>11,594</u>	<u>813,493</u>
<u>267,828</u>	<u>-</u>	<u>19,932</u>	<u>1,679</u>	<u>204,420</u>	<u>111,353</u>	<u>2,006,409</u>
38,321	-	3,724	-	33,330	-	279,572
84,766	-	1,111	-	2,937	-	162,638
14,778	292	284	-	1,867	2,924	56,115
40,669	-	4,614	-	93,241	11,594	401,397
-	220,281	337	-	-	-	425,151
-	-	-	-	-	-	-
<u>178,534</u>	<u>220,573</u>	<u>10,070</u>	<u>-</u>	<u>131,375</u>	<u>14,518</u>	<u>1,324,873</u>
44,200	-	1,061	-	10,012	595	311,578
<u>45,094</u>	<u>(220,573)</u>	<u>8,801</u>	<u>1,679</u>	<u>63,033</u>	<u>96,240</u>	<u>369,958</u>
<u>89,294</u>	<u>(220,573)</u>	<u>9,862</u>	<u>1,679</u>	<u>73,045</u>	<u>96,835</u>	<u>681,536</u>
<u>267,828</u>	<u>-</u>	<u>19,932</u>	<u>1,679</u>	<u>204,420</u>	<u>111,353</u>	<u>2,006,409</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, 2005

	Public School Support	Other Grants	Venture Capital	Athletic	Auxiliary Service	Career Development
<b>Revenues:</b>						
Earnings on investments	\$ -	-	-	-	9,265	-
Other local revenues	84,174	18,422	-	136,202	-	-
Intergovernmental	-	-	-	-	1,051,649	-
<b>Total revenues</b>	<u>84,174</u>	<u>18,422</u>	<u>-</u>	<u>136,202</u>	<u>1,060,914</u>	<u>-</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	-	4,890	-	-	-	-
Special	-	-	-	-	-	-
Support services:						
Pupil	(6)	1,005	-	-	-	-
Instructional staff	-	-	-	-	-	23,448
School administration	83,561	-	-	-	-	-
Fiscal	1,516	-	-	-	-	-
Business	-	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	-
Pupil transportation	607	968	-	-	-	-
Central	1,220	-	990	-	-	-
Non-instructional services:						
Community services	-	3,875	-	-	1,112,034	-
Extracurricular activities	-	-	-	414,101	-	-
<b>Total expenditures</b>	<u>86,898</u>	<u>10,738</u>	<u>990</u>	<u>414,101</u>	<u>1,112,034</u>	<u>23,448</u>
Excess of revenues over (under) expenditures	(2,724)	7,684	(990)	(277,899)	(51,120)	(23,448)
<b>Other financing sources</b>						
Operating transfers in	-	-	-	226,000	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,724)	7,684	(990)	(51,899)	(51,120)	(23,448)
Fund balance, beginning of year	127,843	3,067	990	2,463	233,802	23,448
Fund balance, end of year	\$ <u>125,119</u>	<u>10,751</u>	<u>-</u>	<u>(49,436)</u>	<u>182,682</u>	<u>-</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
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(5,105)	-	-
-	18,514	14,300	231,471	27,000	4,140	34,469	88,017	45,491
-	18,514	14,300	231,471	27,000	4,140	29,364	88,017	45,491
-	-	-	308,328	-	-	32,338	56,424	285
-	-	-	-	-	-	1,321	17,633	-
-	-	-	-	-	-	-	2,300	1,734
-	-	11,222	-	18,056	499	865	21,640	1,860
-	-	-	-	-	-	-	4,400	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	8,946	-	-	-	-
-	-	-	-	-	-	-	103	-
-	14,652	2,541	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	14,652	13,763	308,328	27,002	499	34,524	102,500	3,879
-	3,862	537	(76,857)	(2)	3,641	(5,160)	(14,483)	41,612
-	-	-	70,503	-	-	-	-	-
-	-	-	70,503	-	-	-	-	-
-	3,862	537	(6,354)	(2)	3,641	(5,160)	(14,483)	41,612
-	8,552	1,308	6,354	2	4,118	19,339	17,061	9,859
-	12,414	1,845	-	-	7,759	14,179	2,578	51,471

(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, 2005  
(Continued)

	Alternative Schools	Misc. State Grants	Title II	Title VI-B	Vocational Education	Title III
<b>Revenues:</b>						
Earnings on investments	\$ -	-	-	-	-	-
Other local revenues	-	-	-	-	-	-
Intergovernmental	84,742	30,383	-	1,262,501	10,548	57,318
<b>Total revenues</b>	<u>84,742</u>	<u>30,383</u>	<u>-</u>	<u>1,262,501</u>	<u>10,548</u>	<u>57,318</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	12,040	7,824	-	15,227	-	-
Special	5,104	-	-	356,413	1,500	40,560
Support services:						
Pupil	39,954	949	-	534,227	5,153	-
Instructional staff	(43)	-	-	65,283	-	5,628
School administration	875	31,809	-	88,290	-	-
Fiscal	-	-	-	-	-	-
Business	-	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	-
Pupil transportation	-	-	-	3,031	-	-
Central	4,500	6,375	-	30,353	-	-
Non-instructional services:						
Community services	-	-	-	102,940	-	-
Extracurricular activities	-	-	-	-	-	-
<b>Total expenditures</b>	<u>62,430</u>	<u>46,957</u>	<u>-</u>	<u>1,195,764</u>	<u>6,653</u>	<u>46,188</u>
Excess of revenues over (under) expenditures	22,312	(16,574)	-	66,737	3,895	11,130
<b>Other financing sources</b>						
Operating transfers in	-	-	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	22,312	(16,574)	-	66,737	3,895	11,130
Fund balance, beginning of year	21,318	123,987	-	41,767	11,807	(14,347)
Fund balance, end of year	\$ <u>43,630</u>	<u>107,413</u>	<u>-</u>	<u>108,504</u>	<u>15,702</u>	<u>(3,217)</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>
-	-	-	-	-	-	9,265
-	-	-	-	-	-	233,693
<u>995,058</u>	<u>49,323</u>	<u>26,646</u>	<u>24,023</u>	<u>185,253</u>	<u>210,398</u>	<u>4,451,244</u>
<u>995,058</u>	<u>49,323</u>	<u>26,646</u>	<u>24,023</u>	<u>185,253</u>	<u>210,398</u>	<u>4,694,202</u>
4,378	4	(13)	-	2,594	146,141	590,460
786,670	-	-	-	-	9,331	1,218,532
31,289	5,012	22,062	24,023	1	(14)	667,689
159,939	27,950	9,305	-	321,020	35,188	701,860
40,743	-	-	-	-	-	249,678
-	-	-	-	-	-	1,516
-	-	-	-	-	-	-
-	-	-	-	-	-	8,946
-	-	-	-	-	-	4,709
-	-	-	-	-	-	60,631
-	7,680	1,200	-	11,376	-	1,239,105
-	-	-	-	-	-	414,101
<u>1,023,019</u>	<u>40,646</u>	<u>32,554</u>	<u>24,023</u>	<u>334,991</u>	<u>190,646</u>	<u>5,157,227</u>
(27,961)	8,677	(5,908)	-	(149,738)	19,752	(463,025)
-	-	-	-	-	-	296,503
-	-	-	-	-	-	296,503
(27,961)	8,677	(5,908)	-	(149,738)	19,752	(166,522)
<u>117,255</u>	<u>(229,250)</u>	<u>15,770</u>	<u>1,679</u>	<u>222,783</u>	<u>77,083</u>	<u>848,058</u>
<u>89,294</u>	<u>(220,573)</u>	<u>9,862</u>	<u>1,679</u>	<u>73,045</u>	<u>96,835</u>	<u>681,536</u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2005

	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u><b>TOTAL</b></u>
<b>Assets:</b>			
Equity in pooled cash and investments	\$ <u>2,756</u>	<u>459</u>	<u>3,215</u>
<b>Total assets</b>	<u>2,756</u>	<u>459</u>	<u>3,215</u>
<b>Liabilities:</b>			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Fund Balances Unreserved-undesignated	<u>2,756</u>	<u>459</u>	<u>3,215</u>
<b>Total fund balances</b>	<u>2,756</u>	<u>459</u>	<u>3,215</u>
<b>Total liabilities and fund balances</b>	\$ <u>2,756</u>	<u>459</u>	<u>3,215</u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

All Nonmajor Capital Projects Funds

Year Ended June 30, 2005

	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u><b>TOTAL</b></u>
<b>Revenues:</b>			
Earnings on investments	\$ 56	-	56
Intergovernmental	-	51,345	51,345
<b>Total revenues</b>	<u>56</u>	<u>51,345</u>	<u>51,401</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	-	50,886	50,886
<b>Total expenditures</b>	<u>-</u>	<u>50,886</u>	<u>50,886</u>
Net change in fund balances	56	459	515
Fund balance, beginning of year	<u>2,700</u>	<u>-</u>	<u>2,700</u>
Fund balance, end of year	<u>\$ 2,756</u>	<u>459</u>	<u>3,215</u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Combining Statement of Net Assets

Nonmajor Enterprise Funds

June 30, 2005

	Food Service	Early Childhood Programs	Uniform School Supply	<b>TOTAL</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and investments	\$ 80,625	342,573	155,749	578,947
Receivables:				
Accounts	1,909	4,500	-	6,409
Intergovernmental	266,700	-	-	266,700
Materials and supplies inventory	31,471	-	-	31,471
<b>Total current assets</b>	<u>380,705</u>	<u>347,073</u>	<u>155,749</u>	<u>883,527</u>
Noncurrent assets:				
Capital assets, net	208,642	-	-	208,642
<b>Total assets</b>	<u>589,347</u>	<u>347,073</u>	<u>155,749</u>	<u>1,092,169</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	7,955	7,042	-	14,997
Accrued wages and benefits	104,512	133,853	-	238,365
Intergovernmental payable	95,565	43,152	-	138,717
Interfund payable	37,940	-	-	37,940
<b>Total current liabilities</b>	<u>245,972</u>	<u>184,047</u>	<u>-</u>	<u>430,019</u>
Noncurrent liabilities:				
Compensated absences payable	35,142	-	-	35,142
<b>Total liabilities</b>	<u>281,114</u>	<u>184,047</u>	<u>-</u>	<u>465,161</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	208,642	-	-	208,642
Unrestricted	99,591	163,026	155,749	418,366
<b>Total net assets</b>	<u>\$ 308,233</u>	<u>163,026</u>	<u>155,749</u>	<u>627,008</u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Combining Statement of Revenues, Expenses and  
 Changes in Fund Net Assets  
 Nonmajor Enterprise Funds  
 Year Ended June 30, 2005

	Food Service	Early Childhood Programs	Uniform School Supplies	<b>TOTAL</b>
<b>Operating revenues:</b>				
Charges for services	\$ 960,987	1,034,158	36,533	2,031,678
Total operating revenues	<u>960,987</u>	<u>1,034,158</u>	<u>36,533</u>	<u>2,031,678</u>
<b>Operating expenses:</b>				
Salaries and wages	885,575	910,506	-	1,796,081
Fringe benefits	398,375	230,289	-	628,664
Contractual services	22,545	11,222	-	33,767
Materials and supplies	1,021,929	41,133	5,999	1,069,061
Depreciation	34,595	198	-	34,793
Other operating expenses	14,642	1,969	-	16,611
Total operating expenses	<u>2,377,661</u>	<u>1,195,317</u>	<u>5,999</u>	<u>3,578,977</u>
Operating income (loss)	(1,416,674)	(161,159)	30,534	(1,547,299)
<b>Nonoperating revenues:</b>				
Interest income	3,555	-	-	3,555
Grants	1,110,283	-	-	1,110,283
Grants - donated commodities	114,361	-	-	114,361
Total nonoperating revenues	<u>1,228,199</u>	<u>-</u>	<u>-</u>	<u>1,228,199</u>
Net income (loss)	(188,475)	(161,159)	30,534	(319,100)
Net assets, beginning of year	496,708	324,185	125,215	946,108
Net assets, end of year	\$ <u>308,233</u>	<u>163,026</u>	<u>155,749</u>	<u>627,008</u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended June 30, 2005

	Food Service	Early Childhood Program	Uniform School Supply	<b><i>TOTAL</i></b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 963,121	1,040,551	36,849	2,040,521
Cash payments for personal services	(1,292,266)	(1,097,267)	-	(2,389,533)
Cash payments for contract services	(23,284)	(4,180)	-	(27,464)
Cash payments for supplies and materials	(920,996)	(41,133)	(5,999)	(968,128)
Cash payments for other expenses	(14,642)	(1,969)	-	(16,611)
Net cash provided (used) by operating activities	<u>(1,288,067)</u>	<u>(103,998)</u>	<u>30,850</u>	<u>(1,361,215)</u>
<b>Cash flows from noncapital financing activities:</b>				
Interfund loans	37,940	-	-	37,940
Cash received from operating grants	1,063,204	-	-	1,063,204
Net cash provided by noncapital financing activities	<u>1,101,144</u>	<u>-</u>	<u>-</u>	<u>1,101,144</u>
<b>Cash flows from investing activities:</b>				
Interest received	3,555	-	-	3,555
Net increase (decrease) in cash	(183,368)	(103,998)	30,850	(256,516)
Cash, beginning of year	263,993	446,571	124,899	835,463
Cash, end of year	<u>80,625</u>	<u>342,573</u>	<u>155,749</u>	<u>578,947</u>
<b>Reconciliation of operating income (loss)</b>				
to net cash provided (used) by operating activities:				
Operating income (loss)	(1,416,674)	(161,159)	30,534	(1,547,299)
Adjustments to reconcile operating income (loss)				
to net cash provided (used) by operating activities:				
Depreciation	34,595	198	-	34,793
Donated commodities used	114,361	-	-	114,361
Changes in assets and liabilities:				
Accounts receivable	2,134	6,393	316	8,843
Materials and supplies inventory	(12,128)	-	-	(12,128)
Accounts payable	(2,039)	7,042	-	5,003
Accrued wages and benefits	25,894	54,597	-	80,491
Intergovernmental payable	(6,617)	(9,297)	-	(15,914)
Compensated absences payable	(27,593)	(1,772)	-	(29,365)
Net cash provided (used) by operating activities	<u>\$ (1,288,067)</u>	<u>(103,998)</u>	<u>30,850</u>	<u>(1,361,215)</u>



**PRINCETON CITY SCHOOL DISTRICT, OHIO**

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended June 30, 2005

		<u>Student Activities Fund</u>			
		<u>Beginning</u>		<u>Deletions</u>	<u>Ending</u>
		<u>Balance</u>	<u>Additions</u>		<u>Balance</u>
<b>Assets:</b>					
Equity in pooled cash and investments	\$	<u>38,601</u>	<u>222,265</u>	<u>161,144</u>	<u>99,722</u>
<b>Liabilities:</b>					
Due to student groups		38,601	207,447	161,144	84,904
Accounts payable		<u>-</u>	<u>14,818</u>	<u>-</u>	<u>14,818</u>
Total liabilities	\$	<u>38,601</u>	<u>222,265</u>	<u>161,144</u>	<u>99,722</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, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 55,069,334	\$ 54,881,790	\$ 55,100,511	\$ 218,721
Tuition	1,064,994	1,564,994	1,564,994	-
Transportation fees	720	720	720	-
Earnings on investments	504,169	522,043	484,965	(37,078)
Classroom materials and fees	9,620	9,620	9,620	-
Other revenues	800,000	894,835	894,706	(129)
Intermediate sources	28,477	28,477	28,477	-
Intergovernmental - State	9,752,381	9,802,381	9,802,381	-
Intergovernmental - Federal	511,365	511,365	511,365	-
<b>Total revenues</b>	<b>67,741,060</b>	<b>68,216,225</b>	<b>68,397,739</b>	<b>181,514</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Salaries and wages	24,000,000	25,062,484	24,948,555	113,929
Fringe benefits	6,240,000	6,558,919	6,558,919	-
Purchased services	2,000,000	1,927,736	1,927,736	-
Materials and supplies	1,500,000	1,292,289	1,292,289	-
Capital outlay - new	125,000	116,428	116,428	-
Capital outlay - replacement	130,000	128,190	128,190	-
Other expenditures	50,000	46,431	46,431	-
<b>Total instruction</b>	<b>34,045,000</b>	<b>35,132,477</b>	<b>35,018,548</b>	<b>113,929</b>
<b>Support services:</b>				
Salaries and wages	18,000,000	16,068,169	16,068,169	-
Fringe benefits	4,680,000	5,886,635	5,879,746	6,889
Purchased services	5,000,000	4,773,093	4,726,196	46,897
Materials and supplies	2,000,000	1,784,169	1,784,169	-
Capital outlay - new	1,000,000	791,926	791,926	-
Capital outlay - replacement	200,000	196,986	196,986	-
Other expenditures	1,496,979	1,024,140	1,023,585	555
<b>Total support services</b>	<b>32,376,979</b>	<b>30,525,118</b>	<b>30,470,777</b>	<b>54,341</b>
<b>Operation of non-instructional services:</b>				
Salaries and wages	50,000	55,576	55,576	-
Fringe benefits	13,000	(48,950)	(50,404)	1,454
Purchased services	5,000	5,678	5,678	-
Materials and supplies	2,000	2,925	2,925	-
Other expenditures	500	155	155	-
<b>Total operation of non-instructional services</b>	<b>70,500</b>	<b>15,384</b>	<b>13,930</b>	<b>1,454</b>
<b>Extracurricular activities:</b>				
Salaries and wages	800,000	769,046	769,046	-
Fringe benefits	200,000	135,202	135,202	-
Purchased services	2,000	1,932	1,932	-
Materials and supplies	3,000	3,150	3,150	-
Capital outlay - replacement	1,000	775	775	-
Other expenditures	40,000	37,035	37,035	-
<b>Total extracurricular activities</b>	<b>1,046,000</b>	<b>947,140</b>	<b>947,140</b>	<b>-</b>

**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, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Facilities acquisition and construction services:				
Purchased services	71,000	70,358	70,358	-
Capital outlay-new	20,000	20,204	20,204	-
Total facilities acquisition and construction services	<u>91,000</u>	<u>90,562</u>	<u>90,562</u>	<u>-</u>
Total expenditures	<u>67,629,479</u>	<u>66,710,681</u>	<u>66,540,957</u>	<u>169,724</u>
Excess (deficiency) of revenues over (under) expenditures	<u>111,581</u>	<u>1,505,544</u>	<u>1,856,782</u>	<u>351,238</u>
Other financing sources (uses):				
Operating transfers in	43,988	56,708	65,376	8,668
Operating transfers (out)	(1,000,000)	(1,046,536)	(1,156,257)	(109,721)
Advances in	400,000	1,130,855	1,130,855	-
Advances (out)	(425,000)	(424,782)	(424,782)	-
Proceeds of sale of inventory	-	5,292	5,292	-
Proceeds of sale of notes	-	543,861	543,861	-
Refund of prior year expenditures	-	48,354	48,354	-
Refund of prior year receipts	(20,000)	(18,331)	(18,331)	-
Total other financing sources (uses)	<u>(1,001,012)</u>	<u>295,421</u>	<u>194,368</u>	<u>(101,053)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(889,431)</u>	<u>1,800,965</u>	<u>2,051,150</u>	<u>250,185</u>
Fund balance, July 1	19,854,357	19,854,357	19,854,357	-
Prior year encumbrances appropriated	<u>726,262</u>	<u>726,262</u>	<u>726,262</u>	<u>-</u>
Fund balance, June 30	<u>\$ 19,691,188</u>	<u>\$ 22,381,584</u>	<u>\$ 22,631,769</u>	<u>\$ 250,185</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local revenues	\$ 82,680	\$ 83,131	451
Total revenues	<u>82,680</u>	<u>83,131</u>	<u>451</u>
Expenditures:			
Current:			
Instruction:			
Materials and supplies	574	574	-
Total instruction	<u>574</u>	<u>574</u>	<u>-</u>
Support services:			
Materials and supplies	4,415	4,415	-
Other expenditures	89,370	88,903	467
Total support services	<u>93,785</u>	<u>93,318</u>	<u>467</u>
Total expenditures	<u>94,359</u>	<u>93,892</u>	<u>467</u>
Excess of revenues over (under) expenditures	(11,679)	(10,761)	918
Other financing sources (uses):			
Advances in	4,400	4,400	
Refund of prior year expenditures	419	419	-
Total other financing sources (uses)	<u>4,819</u>	<u>4,819</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(6,860)	(5,942)	918
Fund balance, July 1	<u>127,698</u>	<u>127,698</u>	<u>-</u>
Fund balance, June 30	<u>\$ 120,838</u>	<u>\$ 121,756</u>	<u>\$ 918</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local revenues	\$ 18,422	\$ 18,422	-
Total revenues	<u>18,422</u>	<u>18,422</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Purchased services	840	840	-
Materials and supplies	4,050	4,050	-
Total instruction	<u>4,890</u>	<u>4,890</u>	<u>-</u>
Support services:			
Purchased services	968	968	-
Capital outlay	992	992	-
Total support services	<u>1,960</u>	<u>1,960</u>	<u>-</u>
Operation of non-instructional services:			
Material and supplies	3,874	3,874	-
Total operation of non-instructional services	<u>3,874</u>	<u>3,874</u>	<u>-</u>
Total expenditures	<u>10,724</u>	<u>10,724</u>	<u>-</u>
Excess of revenues over (under) expenditures	7,698	7,698	-
Other financing sources (uses):			
Transfers (out)	-	(13)	(13)
Total other financing sources (uses)	<u>-</u>	<u>(13)</u>	<u>(13)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	7,698	7,685	(13)
Fund balance, July 1	<u>3,066</u>	<u>3,066</u>	<u>-</u>
Fund balance, June 30	<u>\$ 10,764</u>	<u>\$ 10,751</u>	<u>\$ (13)</u>

**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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Extracurricular revenue	\$ 135,215	\$ 135,181	\$ (34)
Other local revenues	<u>3,523</u>	<u>3,523</u>	<u>-</u>
Total revenues	<u>138,738</u>	<u>138,704</u>	<u>(34)</u>
Expenditures:			
Current:			
Operation of non-instructional services:			
Salaries and wages	26,798	26,798	-
Fringe benefits	30,444	30,444	-
Purchased services	131,121	131,121	-
Materials and supplies	130,379	197,171	(66,792)
Other Expenditures	<u>62,836</u>	<u>62,836</u>	<u>-</u>
Total operation of non-instructional services	<u>381,578</u>	<u>448,370</u>	<u>(66,792)</u>
Total expenditures	<u>381,578</u>	<u>448,370</u>	<u>(66,792)</u>
Excess of revenues over (under) expenditures	(242,840)	(309,666)	(66,826)
Other financing sources (uses):			
Transfers in	<u>226,000</u>	<u>226,000</u>	<u>-</u>
Total other financing sources (uses)	<u>226,000</u>	<u>226,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(16,840)	(83,666)	(66,826)
Fund balance, July 1	25,952	25,952	-
Prior year encumbrances appropriated	<u>5,748</u>	<u>5,748</u>	<u>-</u>
Fund balance, June 30	<u>\$ 14,860</u>	<u>\$ (51,966)</u>	<u>\$ (66,826)</u>



**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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Earnings on investments	\$ 9,266	\$ 9,266	\$ -
Intergovernmental - State	<u>1,048,423</u>	<u>1,051,649</u>	<u>3,226</u>
Total revenues	<u>1,057,689</u>	<u>1,060,915</u>	<u>3,226</u>
Expenditures:			
Current:			
Operation of non-instructional services:			
Salaries and wages	62,952	62,952	-
Fringe benefits	33,358	33,358	-
Purchased services	458,293	458,164	129
Materials and supplies	591,635	591,592	43
Capital outlay - new	114,002	114,002	-
Other expenditures	<u>2,823</u>	<u>2,823</u>	<u>-</u>
Total operation of non-instructional services	<u>1,263,063</u>	<u>1,262,891</u>	<u>172</u>
Total expenditures	<u>1,263,063</u>	<u>1,262,891</u>	<u>172</u>
Excess of revenues over (under) expenditures	(205,374)	(201,976)	3,398
Other financing sources (uses):			
Refund of prior year expenditures	3,676	3,676	-
Advances (out)	(238,416)	(238,416)	-
Refund of prior year receipts	<u>(4,961)</u>	<u>(4,961)</u>	<u>-</u>
Total other financing sources (uses)	<u>(239,701)</u>	<u>(239,701)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(445,075)	(441,677)	3,398
Fund balance, July 1	439,460	439,460	-
Prior year encumbrances appropriated	<u>86,997</u>	<u>86,997</u>	<u>-</u>
Fund balance, June 30	<u>\$ 81,382</u>	<u>\$ 84,780</u>	<u>\$ 3,398</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, 2005

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

**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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 18,514	\$ 18,514	\$ -
Total revenues	<u>18,514</u>	<u>18,514</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Purchased services	24,053	24,053	-
Materials and supplies	1,953	1,953	-
Total support services	<u>26,006</u>	<u>26,006</u>	<u>-</u>
Total expenditures	<u>26,006</u>	<u>26,006</u>	<u>-</u>
Excess of revenues over (under) expenditures	(7,492)	(7,492)	-
Fund balance, July 1	8,552	8,552	-
Prior year encumbrances appropriated	<u>6,479</u>	<u>6,479</u>	<u>-</u>
Fund balance, June 30	<u>\$ 7,539</u>	<u>\$ 7,539</u>	<u>\$ -</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 14,300	\$ 14,300	\$ -
Total revenues	<u>14,300</u>	<u>14,300</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Salaries and wages	13,723	5,785	7,938
Fringe benefits	577	577	-
Total support services	<u>14,300</u>	<u>6,362</u>	<u>7,938</u>
Total expenditures	<u>14,300</u>	<u>6,362</u>	<u>7,938</u>
Excess of revenues over (under) expenditures	-	7,938	7,938
Fund balance, July 1	<u>2,146</u>	<u>2,146</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2,146</u>	<u>\$ 10,084</u>	<u>\$ 7,938</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 225,117	\$ 231,470	\$ 6,353
Total revenues	<u>225,117</u>	<u>231,470</u>	<u>6,353</u>
Expenditures:			
Current:			
Instruction:			
Purchased services	324,319	308,327	15,992
Total instruction	<u>324,319</u>	<u>308,327</u>	<u>15,992</u>
Total expenditures	<u>324,319</u>	<u>308,327</u>	<u>15,992</u>
Excess of revenues over (under) expenditures	(99,202)	(76,857)	22,345
Other financing sources (uses):			
Transfers in	76,857	76,857	-
Transfers (out)	<u>(6,354)</u>	<u>(6,354)</u>	<u>-</u>
Total other financing sources (uses)	<u>70,503</u>	<u>70,503</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(28,699)	(6,354)	22,345
Fund balance, July 1	<u>6,354</u>	<u>6,354</u>	<u>-</u>
Fund balance, June 30	<u>\$ (22,345)</u>	<u>\$ -</u>	<u>\$ 22,345</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 27,000	\$ 27,000	\$ -
Total revenues	<u>27,000</u>	<u>27,000</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Materials and supplies	750	750	-
Capital outlay-new	8,946	8,946	-
Other expenditures	<u>17,304</u>	<u>17,306</u>	<u>(2)</u>
Total support services	<u>27,000</u>	<u>27,002</u>	<u>(2)</u>
Total expenditures	<u>27,000</u>	<u>27,002</u>	<u>(2)</u>
Excess of revenues over (under) expenditures	-	(2)	(2)
Fund balance, July 1	<u>2</u>	<u>2</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (2)</u>

**Princeton City School District, Ohio**  
 Schedule of Revenues, Expenditures  
 And Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 School Net Professional Development Special Revenue Fund  
 For Year Ended June 30, 2005

	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	4,140	499	3,641
Total instruction	<u>4,140</u>	<u>499</u>	<u>3,641</u>
Total expenditures	<u>4,140</u>	<u>499</u>	<u>3,641</u>
Excess of revenues over (under) expenditures	-	3,641	3,641
Fund balance, July 1	<u>4,140</u>	<u>4,140</u>	<u>-</u>
Fund balance, June 30	<u>\$ 4,140</u>	<u>\$ 7,781</u>	<u>\$ 3,641</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	45,500	34,469	(11,031)
Total revenues	45,500	34,469	(11,031)
Expenditures:			
Current:			
Instruction:			
Salaries and wages	7,743	7,743	-
Fringe benefits	1,192	1,192	-
Purchased services	5,900	5,900	-
Materials and supplies	25,781	16,961	8,820
Total instruction	40,616	31,796	8,820
Support services:			
Purchased services	6,242	6,242	-
Total support services	6,242	6,242	-
Total expenditures	46,858	38,038	8,820
Excess of revenues over (under) expenditures	(1,358)	(3,569)	(2,211)
Other financing sources (uses):			
Operating transfers in	-	5,503	5,503
Refund of prior year receipts	(5,105)	(5,105)	-
Total other financing sources (uses)	(5,105)	398	5,503
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(6,463)	(3,171)	3,292
Fund balance, July 1	13,395	13,395	-
Prior year encumbrances appropriated	6,462	6,462	-
Fund balance, June 30	\$ 13,394	\$ 16,686	\$ 3,292



**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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	156,134	132,443	(23,691)
Total revenues	<u>156,134</u>	<u>132,443</u>	<u>(23,691)</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	42,144	42,144	-
Fringe benefits	6,300	6,300	-
Materials and supplies	68,900	68,900	-
Total instruction	<u>117,344</u>	<u>117,344</u>	<u>-</u>
Support services:			
Salaries and wages	12,426	12,606	(180)
Fringe benefits	1,659	1,659	-
Purchased services	19,400	19,400	-
Total support services	<u>33,485</u>	<u>33,665</u>	<u>(180)</u>
Total expenditures	<u>150,829</u>	<u>151,009</u>	<u>(180)</u>
Excess of revenues over (under) expenditures	5,305	(18,566)	(23,871)
Other financing sources (uses):			
Advances in	25,948	25,948	-
Refund of prior year expenditures	325	325	-
Advances (out)	(47,566)	(47,566)	-
Total other financing sources (uses)	<u>(21,293)</u>	<u>(21,293)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(15,988)	(39,859)	(23,871)
Fund balance, July 1	(3,546)	(3,546)	-
Prior year encumbrances appropriated	<u>43,225</u>	<u>43,225</u>	<u>-</u>
Fund balance, June 30	<u>\$ 23,691</u>	<u>\$ (180)</u>	<u>\$ (23,871)</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intermediate sources	\$ 5,483	\$ 4,112	\$ (1,371)
Total revenues	<u>5,483</u>	<u>4,112</u>	<u>(1,371)</u>
Expenditures:			
Current:			
Instruction:			
Materials and supplies	-	287	(287)
Total support services	<u>-</u>	<u>287</u>	<u>(287)</u>
Support services:			
Purchased services	1,500	1,500	-
Materials and supplies	7,921	2,094	5,827
Total support services	<u>9,421</u>	<u>3,594</u>	<u>5,827</u>
Total expenditures	<u>9,421</u>	<u>3,881</u>	<u>5,540</u>
Excess of revenues over (under) expenditures	(3,938)	231	4,169
Fund balance, July 1	<u>9,860</u>	<u>9,860</u>	<u>-</u>
Fund balance, June 30	<u>\$ 5,922</u>	<u>\$ 10,091</u>	<u>\$ 4,169</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	92,442	74,100	(18,342)
Total revenues	<u>92,442</u>	<u>74,100</u>	<u>(18,342)</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	4,389	4,389	-
Fringe benefits	715	715	-
Purchased services	24,752	49,873	(25,121)
Total instruction	<u>29,856</u>	<u>54,977</u>	<u>(25,121)</u>
Support services:			
Salaries and wages	875	875	-
Purchased services	45,854	45,854	-
Total support services	<u>46,729</u>	<u>46,729</u>	<u>-</u>
Total expenditures	<u>76,585</u>	<u>101,706</u>	<u>(25,121)</u>
Excess of revenues over (under) expenditures	15,857	(27,606)	(43,463)
Other financing sources (uses):			
Advances (out)	(5,206)	(5,206)	-
Total other financing sources (uses)	<u>(5,206)</u>	<u>(5,206)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	10,651	(32,812)	(43,463)
Fund balance, July 1	12,107	12,107	-
Prior year encumbrances appropriated	<u>2,370</u>	<u>2,370</u>	<u>-</u>
Fund balance, June 30	<u>\$ 25,128</u>	<u>\$ (18,335)</u>	<u>\$ (43,463)</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 30,383	\$ 30,383	\$ -
Total revenues	<u>30,383</u>	<u>30,383</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Materials and supplies	5,294	5,294	-
Total instruction	<u>5,294</u>	<u>5,294</u>	<u>-</u>
Support services:			
Salaries and wages	30,490	23,528	6,962
Fringe benefits	5,559	5,559	-
Purchased services	6,008	6,008	-
Total support services	<u>42,057</u>	<u>35,095</u>	<u>6,962</u>
Total expenditures	<u>47,351</u>	<u>40,389</u>	<u>6,962</u>
Excess of revenues over (under) expenditures	(16,968)	(10,006)	6,962
Other financing sources (uses):			
Transfers (out)	-	(5,489)	(5,489)
Refund of prior years receipts	(367)	(367)	-
Total other financing sources (uses)	<u>(367)</u>	<u>(5,856)</u>	<u>(5,489)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(17,335)	(15,862)	1,473
Fund balance, July 1	124,917	124,917	-
Prior year encumbrances appropriated	<u>3,047</u>	<u>3,047</u>	<u>-</u>
Fund balance, June 30	<u>\$ 110,629</u>	<u>\$ 112,102</u>	<u>\$ 1,473</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	1,606,317	1,191,607	(414,710)
Total revenues	<u>1,606,317</u>	<u>1,191,607</u>	<u>(414,710)</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	41,791	41,791	-
Fringe benefits	10,889	10,889	-
Purchased services	7,516	7,516	-
Materials and supplies	322,187	347,455	(25,268)
Capital outlay	18,726	18,726	-
Total instruction	<u>401,109</u>	<u>426,377</u>	<u>(25,268)</u>
Support services:			
Salaries and wages	336,679	336,679	-
Fringe benefits	145,188	145,188	-
Purchased services	267,913	267,913	-
Materials and supplies	29,349	29,349	-
Capital outlay	5,015	5,015	-
Other expenditures	135	135	-
Total support services	<u>784,279</u>	<u>784,279</u>	<u>-</u>
Operation of non-instructional services:			
Salaries and wages	15,711	15,711	-
Fringe benefits	5,654	5,654	-
Purchased services	78,982	78,982	-
Materials and supplies	920	920	-
Total operation of non-instructional services	<u>101,267</u>	<u>101,267</u>	<u>-</u>
Total expenditures	<u>1,286,655</u>	<u>1,311,923</u>	<u>(25,268)</u>
Excess of revenues over (under) expenditures	319,662	(120,316)	(439,978)
Other financing sources (uses):			
Transfers in	-	36,004	36,004
Advances in	129,950	129,950	-
Advances (out)	(199,778)	(199,778)	-
Total other financing sources (uses)	<u>(69,828)</u>	<u>(33,824)</u>	<u>36,004</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	249,834	(154,140)	(403,974)
Fund balance, July 1	76,551	76,551	-
Prior year encumbrances appropriated	<u>52,321</u>	<u>52,321</u>	<u>-</u>
Fund balance, June 30	<u>\$ 378,706</u>	<u>\$ (25,268)</u>	<u>\$ (403,974)</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intermediate sources	\$ 10,548	\$ 7,911	\$ (2,637)
Total revenues	<u>10,548</u>	<u>7,911</u>	<u>(2,637)</u>
Expenditures:			
Current:			
Instruction:			
Purchased services	1,500	1,500	-
Total instruction	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Support services:			
Purchased services	1,717	1,717	-
Materials and supplies	7,331	3,002	4,329
Total support services	<u>9,048</u>	<u>4,719</u>	<u>4,329</u>
Total expenditures	<u>10,548</u>	<u>6,219</u>	<u>4,329</u>
Excess of revenues over (under) expenditures	-	1,692	1,692
Fund balance, July 1	<u>11,809</u>	<u>11,809</u>	<u>-</u>
Fund balance, June 30	<u>\$ 11,809</u>	<u>\$ 13,501</u>	<u>1,692</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 104,805	\$ 76,409	\$ (28,396)
Total revenues	<u>104,805</u>	<u>76,409</u>	<u>(28,396)</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	9,525	9,525	-
Fringe benefits	1,696	1,696	-
Purchased services	12,076	12,076	-
Materials and supplies	11,352	11,352	-
Capital outlay	5,444	5,444	-
Total instruction	<u>40,093</u>	<u>40,093</u>	<u>-</u>
Support services:			
Salaries and wages	1,773	1,773	-
Fringe benefits	331	331	-
Purchased services	3,224	3,224	-
Materials and supplies	929	929	-
Total support services	<u>6,257</u>	<u>6,257</u>	<u>-</u>
Total expenditures	<u>46,350</u>	<u>46,350</u>	<u>-</u>
Excess of revenues over (under) expenditures	58,455	30,059	(28,396)
Other financing sources (uses):			
Advances in	5,926	5,926	-
Advances (out)	(38,939)	(38,939)	-
Total other financing sources (uses)	<u>(33,013)</u>	<u>(33,013)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	25,442	(2,954)	(28,396)
Fund balance, July 1	(1,491)	(1,491)	-
Prior year encumbrances appropriated	<u>4,445</u>	<u>4,445</u>	<u>-</u>
Fund balance, June 30	<u>\$ 28,396</u>	<u>\$ -</u>	<u>\$ (28,396)</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 1,412,152	\$ 1,275,156	\$ (136,996)
Total revenues	<u>1,412,152</u>	<u>1,275,156</u>	<u>(136,996)</u>
Expenditures:			
Current:			
Instruction:			
Salaries and wages	590,880	601,372	(10,492)
Fringe benefits	132,961	132,961	-
Purchased services	931	931	-
Materials and supplies	141,993	141,993	-
Capital outlay-new	16,495	16,495	-
Total instruction	<u>883,260</u>	<u>893,752</u>	<u>(10,492)</u>
Support services:			
Salaries and wages	61,820	61,820	-
Fringe benefits	19,002	19,002	-
Purchased services	137,494	137,494	-
Materials and supplies	6,974	6,974	-
Other expenditures	1,121	1,121	-
Total support services	<u>226,411</u>	<u>226,411</u>	<u>-</u>
Operation of non-instructional services:			
Purchased services	75	75	-
Materials and supplies	36	36	-
Total operation of non-instructional services	<u>111</u>	<u>111</u>	<u>-</u>
Total expenditures	<u>1,109,782</u>	<u>1,120,274</u>	<u>(10,492)</u>
Excess of revenues over (under) expenditures	302,370	154,882	(147,488)
Other financing sources (uses):			
Advances (out)	(49,431)	(49,431)	-
Total other financing sources (uses)	<u>(49,431)</u>	<u>(49,431)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	252,939	105,451	(147,488)
Fund balance, July 1	(47,379)	(47,379)	-
Prior year encumbrances appropriated	<u>53,600</u>	<u>53,600</u>	<u>-</u>
Fund balance, June 30	<u>\$ 259,160</u>	<u>\$ 111,672</u>	<u>\$ (147,488)</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 54,605	\$ 49,324	\$ (5,281)
Total revenues	<u>54,605</u>	<u>49,324</u>	<u>(5,281)</u>
Expenditures:			
Current:			
Support services:			
Purchased services	431	431	-
Materials and supplies	<u>32,529</u>	<u>32,529</u>	<u>-</u>
Total support services	<u>32,960</u>	<u>32,960</u>	<u>-</u>
Operation of non-instructional services:			
Purchased services	6,860	6,860	-
Materials and supplies	<u>1,921</u>	<u>1,921</u>	<u>-</u>
Total operation of non-operational services	<u>8,781</u>	<u>8,781</u>	<u>-</u>
Total expenditures	<u>41,741</u>	<u>41,741</u>	<u>-</u>
Excess of revenues over (under) expenditures	12,864	7,583	(5,281)
Other financing sources (uses):			
Advances in	220,281	220,281	-
Advances (out)	<u>(308,834)</u>	<u>(308,834)</u>	<u>-</u>
Total other financing sources (uses)	<u>(88,553)</u>	<u>(88,553)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(75,689)	(80,970)	(5,281)
Fund balance, July 1	79,443	79,443	-
Prior year encumbrances appropriated	<u>1,527</u>	<u>1,527</u>	<u>-</u>
Fund balance, June 30	<u>\$ 5,281</u>	<u>\$ -</u>	<u>\$ (5,281)</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 50,347	\$ 29,117	\$ (21,230)
Total revenues	<u>50,347</u>	<u>29,117</u>	<u>(21,230)</u>
Expenditures:			
Current:			
Support services:			
Salaries and wages	6,109	6,109	-
Fringe benefits	919	919	-
Purchased services	14,215	14,215	-
Materials and supplies	20,828	15,709	5,119
Total support services	<u>42,071</u>	<u>36,952</u>	<u>5,119</u>
Operation on non-instructional services:			
Purchased services	750	750	-
Materials and supplies	906	906	-
Total operation of non-instructional services	<u>1,656</u>	<u>1,656</u>	<u>-</u>
Total expenditures	<u>43,727</u>	<u>38,608</u>	<u>5,119</u>
Excess of revenues over (under) expenditures	6,620	(9,491)	(16,111)
Other financing sources (uses):			
Advances in	337	337	-
Advances (out)	(2,574)	(2,574)	-
Total other financing sources (uses)	<u>(2,237)</u>	<u>(2,237)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	4,383	(11,728)	(16,111)
Fund balance, July 1	1,123	1,123	-
Prior year encumbrances appropriated	<u>9,530</u>	<u>9,530</u>	<u>-</u>
Fund balance, June 30	<u>\$ 15,036</u>	<u>\$ (1,075)</u>	<u>\$ (16,111)</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 24,023	\$ 24,023	\$ -
Total revenues	<u>24,023</u>	<u>24,023</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Purchased services	25,381	24,023	1,358
Total support services	<u>25,381</u>	<u>24,023</u>	<u>1,358</u>
Total expenditures	<u>25,381</u>	<u>24,023</u>	<u>1,358</u>
Excess of revenues over (under) expenditures	(1,358)	-	1,358
Fund balance, July 1	<u>1,679</u>	<u>1,679</u>	<u>-</u>
Fund balance, June 30	<u>\$ 321</u>	<u>\$ 1,679</u>	<u>\$ 1,358</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 314,485	\$ 185,253	\$ (129,232)
Total revenues	<u>314,485</u>	<u>185,253</u>	<u>(129,232)</u>
Expenditures:			
Current:			
Support services:			
Salaries and wages	85,531	85,531	-
Fringe benefits	13,928	13,928	-
Purchased services	287,660	191,912	95,748
Materials and supplies	8,652	8,652	-
Total support services	<u>395,771</u>	<u>300,023</u>	<u>95,748</u>
Operation of non-instructional services:			
Purchased services	13,056	13,056	-
Materials and supplies	1,385	1,385	-
Total operation of non-instructional services	<u>14,441</u>	<u>14,441</u>	<u>-</u>
Total expenditures	<u>410,212</u>	<u>314,464</u>	<u>95,748</u>
Excess of revenues over (under) expenditures	(95,727)	(129,211)	(33,484)
Fund balance, July 1	225,055	225,055	-
Prior year encumbrances appropriated	<u>423</u>	<u>423</u>	<u>-</u>
Fund balance, June 30	<u>\$ 129,751</u>	<u>\$ 96,267</u>	<u>\$ (33,484)</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  
 For Year Ended June 30, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	1,286	1,286	-
Intergovernmental - Federal	<u>222,816</u>	<u>211,445</u>	<u>(11,371)</u>
Total revenues	<u>224,102</u>	<u>212,731</u>	<u>(11,371)</u>
Expenditures:			
Current:			
Instruction:			
Materials and supplies	151,048	145,985	5,063
Other expenditures	<u>156</u>	<u>156</u>	<u>-</u>
Total instruction	<u>151,204</u>	<u>146,141</u>	<u>5,063</u>
Support services:			
Purchased services	280	280	-
Materials and supplies	<u>35,373</u>	<u>35,373</u>	<u>-</u>
Total support services	<u>35,653</u>	<u>35,653</u>	<u>-</u>
Operation of non-instructional services:			
Purchased services	<u>232</u>	<u>232</u>	<u>-</u>
Total operation of non-instructional services	<u>232</u>	<u>232</u>	<u>-</u>
Total expenditures	<u>187,089</u>	<u>182,026</u>	<u>5,063</u>
Excess of revenues over (under) expenditures	37,013	30,705	(6,308)
Other financing sources (uses):			
Transfers in	439	439	-
Transfers (out)	(9,752)	(9,752)	-
Advances (out)	<u>(33,633)</u>	<u>(33,633)</u>	<u>-</u>
Total other financing sources (uses)	<u>(42,946)</u>	<u>(42,946)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(5,933)	(12,241)	(6,308)
Fund balance, July 1	110,542	110,542	-
Prior year encumbrances appropriated	<u>862</u>	<u>862</u>	<u>-</u>
Fund balance, June 30	<u>\$ 105,471</u>	<u>\$ 99,163</u>	<u>\$ (6,308)</u>

**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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 4,760,071	\$ 4,770,629	\$ 10,558
Earnings on Investments	40,757	40,757	-
Intergovernmental-State	267,914	267,914	-
<b>Total revenues</b>	<u>5,068,742</u>	<u>5,079,300</u>	<u>10,558</u>
Expenditures:			
Current:			
Support services:			
Other expenditures	40,971	40,971	-
Total support services	<u>40,971</u>	<u>40,971</u>	<u>-</u>
Debt service:			
Repayment of debt	5,009,728	5,009,728	-
Total repayment of debt	<u>5,009,728</u>	<u>5,009,728</u>	<u>-</u>
<b>Total expenditures</b>	<u>5,050,699</u>	<u>5,050,699</u>	<u>-</u>
<b>Excess of revenues over (under) expenditures</b>	18,043	28,601	10,558
Other financing sources (uses):			
Transfers in	711,877	711,877	-
Advances (out)	(206,478)	(206,478)	-
<b>Total other financing sources (uses)</b>	<u>505,399</u>	<u>505,399</u>	<u>-</u>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	523,442	534,000	10,558
<b>Fund balance, July 1</b>	<u>433,749</u>	<u>433,749</u>	<u>-</u>
<b>Fund balance, June 30</b>	<u>\$ 957,191</u>	<u>\$ 967,749</u>	<u>\$ 10,558</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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Earnings on investments	49	56	7
Total revenues	49	56	7
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	49	56	7
Fund balance, July 1	2,700	2,700	-
Fund balance, June 30	<u>\$ 2,749</u>	<u>\$ 2,756</u>	<u>\$ 7</u>

**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, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Earnings on investments	\$ 1,053,243	\$ 1,220,478	167,235
Other Revenue	<u>500</u>	<u>500</u>	<u>-</u>
Total revenues	<u>1,053,743</u>	<u>1,220,978</u>	<u>167,235</u>
Expenditures:			
Current:			
Support services:			
Materials and supplies	151,173	151,173	-
Capital outlay - new	26,131	26,131	-
Other expenditures	<u>141,429</u>	<u>131,160</u>	<u>10,269</u>
Total support services	<u>318,733</u>	<u>308,464</u>	<u>10,269</u>
Operation of non-instructional services:			
Capital outlay - new	<u>6,429</u>	<u>6,429</u>	<u>-</u>
Total operation of non-instructional services	<u>6,429</u>	<u>6,429</u>	<u>-</u>
Extracurricular activities:			
Capital outlay - new	<u>200,400</u>	<u>200,400</u>	<u>-</u>
Total extracurricular activities	<u>200,400</u>	<u>200,400</u>	<u>-</u>
Facilities acquisition and construction services:			
Purchased services	4,899,477	4,899,477	-
Capital outlay - new	31,645,561	31,452,513	193,048
Capital outlay - replacement	527,692	527,692	-
Other Expenditures	<u>33,680</u>	<u>33,680</u>	<u>-</u>
Total facilities acquisition and construction services	<u>37,106,410</u>	<u>36,913,362</u>	<u>193,048</u>
Total expenditures	<u>37,631,972</u>	<u>37,428,655</u>	<u>203,317</u>
Excess of revenues over (under) expenditures	(36,578,229)	(36,207,677)	370,552
Other financing sources (uses):			
Proceeds from sales of notes	<u>316,682</u>	<u>316,682</u>	<u>-</u>
Total other financing sources (uses)	<u>316,682</u>	<u>316,682</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(36,261,547)	(35,890,995)	370,552
Fund balance, July 1	72,379,378	72,379,378	-
Prior year encumbrances appropriated	<u>10,447,943</u>	<u>10,447,943</u>	<u>-</u>
Fund balance, June 30	<u>\$ 46,565,774</u>	<u>\$ 46,936,326</u>	<u>\$ 370,552</u>



**Princeton City School District, Ohio**  
 Schedule of Revenues, Expenditures  
 And Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 School Net Plus Capital Projects Fund  
 For Year Ended June 30, 2005

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 51,345	\$ 51,345	\$ -
Total revenues	<u>51,345</u>	<u>51,345</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Capital outlay-new	51,345	50,886	459
Total support services	<u>51,345</u>	<u>50,886</u>	<u>459</u>
Total expenditures	<u>51,345</u>	<u>50,886</u>	<u>459</u>
Excess of revenues over (under) expenditures	-	459	459
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ 459</u>	<u>\$ 459</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

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

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**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**  
**1996 - 2005**

	2005		2004		2003
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual
<b>Program Revenues</b>					
Charges for services and sales	\$1,799,481	N/A	\$1,234,540	N/A	\$1,482,655
Operating grants and contributions	4,850,833	N/A	4,965,710	N/A	3,629,108
Capital grants and contributions	51,345	N/A	-	N/A	102,848
<b>General Revenues</b>					
Taxes	65,629,652	60,362,569	57,655,673	51,611,111	56,692,006
Tuition and fees	-	1,663,279	-	1,125,919	-
Earnings on investments	2,209,135	529,377	1,275,157	232,512	729,971
Intergovernmental	10,233,936	10,137,177	10,408,282	10,487,845	9,283,088
Other local revenues	1,333,139	1,225,251	1,393,136	1,156,865	470,724
<b>Total Revenues</b>	<b>\$ 86,107,521</b>	<b>\$ 73,917,653</b>	<b>\$ 76,932,498</b>	<b>\$ 64,614,252</b>	<b>\$ 72,390,400</b>

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>2003</u>							
<u>Modified Accrual</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</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	N/A	N/A	N/A
56,692,006	57,668,854	56,161,246	51,180,443	50,185,894	45,111,417	45,692,508	44,626,000
1,346,780	436,392	331,893	260,682	261,259	226,164	388,962	325,009
699,676	984,421	1,675,316	1,314,483	1,207,811	1,399,904	1,532,249	1,517,648
9,383,349	9,462,547	8,647,343	8,486,423	7,062,658	6,644,604	7,032,343	6,935,559
431,073	847,071	689,463	341,768	250,326	815,570	481,154	358,564
<u>\$ 68,552,884</u>	<u>\$ 69,399,285</u>	<u>\$ 67,505,261</u>	<u>\$ 61,583,799</u>	<u>\$ 58,967,948</u>	<u>\$ 54,197,659</u>	<u>\$ 55,127,216</u>	<u>\$ 53,762,780</u>

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**GENERAL GOVERNMENTAL EXPENSES / EXPENDITURES BY FUNCTION (1)**  
**LAST TEN FISCAL YEARS**  
**1996 - 2005**

	2005		2004		2003
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual
<b>Expenses / Expenditures</b>					
Regular instruction	\$27,427,926	\$26,183,413	\$30,729,997	\$29,107,751	\$ 29,334,784
Special education	7,995,537	6,787,701	8,371,776	7,431,495	7,373,837
Other instruction	1,332,891	1,327,014	1,240,045	1,232,448	1,030,735
Pupil	5,255,056	4,585,359	5,235,034	4,613,286	4,855,476
Instructional staff	5,167,170	4,436,805	5,115,420	4,382,728	5,438,025
Board of Education	392,114	388,534	390,937	382,610	346,989
Administration	5,131,871	4,877,418	5,409,443	5,288,565	5,013,395
Fiscal	1,739,623	1,629,892	1,946,483	1,816,930	1,702,433
Business	458,015	458,015	514,215	508,057	488,820
Operation and maintenance of plant	7,556,075	7,298,275	7,539,647	7,137,183	8,604,249
Pupil transportation	4,831,948	4,708,244	4,035,873	3,837,911	3,782,287
Central	1,856,891	1,680,653	1,957,176	1,532,863	1,316,573
Extracurricular activities	1,555,359	1,114,276	1,512,373	1,074,176	1,517,308
Community service	1,241,291	18,917	1,219,763	120,643	1,223,490
Capital outlay	-	97,627	-	63,318	-
Debt service	4,070,873	402,028	3,499,610	451,039	138,719
<b>Total Expenses / Expenditures</b>	<b>\$ 76,012,640</b>	<b>\$ 65,994,171</b>	<b>\$ 78,717,792</b>	<b>\$ 68,981,003</b>	<b>\$ 72,167,120</b>

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>2003</u>							
Modified Accrual	2002	2001	2000	1999	1998	1997	1996
\$ 27,944,370	\$ 26,824,609	\$ 25,317,906	\$ 23,982,792	\$ 25,699,666	\$ 24,190,576	\$ 24,158,170	\$ 22,906,742
6,481,634	6,136,987	5,344,811	4,504,864	4,387,809	3,747,861	3,486,926	3,294,577
1,021,310	963,361	883,708	783,623	745,347	1,056,287	1,086,896	1,070,415
4,411,165	4,325,506	3,380,618	3,227,116	3,264,896	3,086,517	3,071,540	2,896,197
4,788,201	4,576,692	4,973,889	4,534,725	4,749,706	4,258,437	4,048,150	3,526,004
333,915	267,505	193,441	201,641	178,781	214,611	276,521	777,208
5,044,673	5,013,526	4,710,527	4,204,972	4,459,878	4,295,264	4,503,981	4,472,423
1,692,421	1,683,308	1,689,609	1,458,969	1,395,343	1,616,317	1,330,269	1,263,912
490,176	392,707	361,022	584,361	630,837	714,178	584,844	515,690
8,073,346	7,829,002	8,012,885	7,109,535	6,889,574	7,570,904	7,255,112	6,554,976
3,873,170	3,250,655	3,106,502	2,782,554	2,656,094	2,662,107	2,584,584	2,259,541
1,161,942	969,141	974,043	1,005,214	901,475	907,999	930,431	971,224
975,994	1,052,196	846,236	743,735	703,691	637,126	602,242	575,630
130,286	144,846	339,971	210,518	264,643	6,857	297,756	174,427
273,209	867,144	238,658	1,407,278	97,078	53,535	738,981	308,030
449,846	433,689	435,089	297,952	189,565	203,228	188,747	175,278
<u>\$ 67,145,658</u>	<u>\$ 64,730,874</u>	<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>



**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**REAL AND PUBLIC UTILITY**  
**LAST TEN CALENDAR YEARS**  
**1996 - 2005**

<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>
2005	\$ 43,363,212	\$ 41,689,007	96.14%	\$ 1,335,719	\$ 43,024,726
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

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) 1996 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>
99.22%	\$ 1,355,743	3.13%
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%

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN CALENDAR YEARS**  
**1996 - 2005**

Collection Year (1)	Real Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2005	\$ 1,367,594,010	3,907,411,457	421,066,962	1,684,267,848
2004	1,358,732,160	3,882,091,886	404,687,148	1,618,748,592
2003	1,369,415,290	3,912,615,114	466,102,466	1,864,409,864
2002	1,182,629,890	3,378,942,543	442,634,670	1,770,538,680
2001	1,159,115,740	3,311,759,257	452,832,700	1,811,330,800
2000	1,144,748,820	3,270,710,914	438,526,560	1,754,106,240
1999	979,193,070	2,797,694,486	433,706,660	1,734,826,640
1998	969,842,720	2,770,979,200	413,521,590	1,654,086,360
1997	964,361,560	2,755,318,743	393,557,600	1,574,230,400
1996	931,114,260	2,660,326,457	389,588,480	1,558,353,920

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) 1996 through 2002 did not include information for Butler and Warren Counties.

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

**TABLE 4**

Public Utilities Personal		Total		Ratio (2)
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
68,900,980	78,296,568	1,857,561,952	5,669,975,873	32.76%
66,068,790	75,078,170	1,829,488,098	5,575,918,648	32.81%
65,570,470	74,511,898	1,901,088,226	5,851,536,876	32.49%
64,083,860	72,822,568	1,689,348,420	5,222,303,791	32.35%
75,031,110	85,262,625	1,686,979,550	5,208,352,682	32.39%
68,921,740	78,320,159	1,652,197,120	5,103,137,313	32.38%
70,718,000	80,361,364	1,483,617,730	4,612,882,490	32.16%
68,634,990	77,994,307	1,451,999,300	4,503,059,867	32.24%
72,083,190	81,912,716	1,430,002,350	4,411,461,859	32.42%
74,137,260	84,246,886	1,394,840,000	4,302,927,263	32.42%

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN CALENDAR YEARS (1)  
1996 - 2005

Entity	2005	2004	2003	2002
Princeton City School District	49.03	49.03	45.79	46.19
Hamilton County	21.06	21.51	21.87	21.47
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	21.83	22.23	22.61	21.55
Village of Lincoln Heights	26.33	26.33	26.33	24.58
Village of Woodlawn	5.08	5.08	5.08	5.08
Springfield Township	20.30	20.30	20.30	20.30
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>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998 (2)</u>	<u>1997</u>	<u>1996</u>
46.19	46.19	42.24	42.24	42.24	42.24
19.92	20.83	19.54	19.01	19.44	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
21.65	21.93	19.66	22.34	23.26	23.68
20.08	20.08	20.08	20.08	20.08	20.08
5.08	5.08	5.08	5.08	4.08	4.08
14.30	14.30	14.30	14.30	9.80	9.80
7.75	7.75	7.75	7.60	7.60	7.60
2.70	2.70	2.70	2.70	2.70	2.70
-	-	-	-	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**  
**1996 - 2005**

**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
2005 (4) \$	86,745,177	\$ 1,857,561,952	41,880	4.67%	2,071
2004 (4) \$	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

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 estimated population.

(4) General Obligation Bonded Debt includes issuance premiums. See Notes to the Basic Financial Statements # 11.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
 COMPUTATION OF LEGAL DEBT MARGIN  
 JUNE 30, 2005

**TABLE 7**

Assessed Valuation (1)		<u>\$1,857,561,952</u>
<hr/>		
<b>OVERALL DIRECT DEBT LIMITATION</b>		
Direct Debt Limitation 9% of Assessed Valuation		\$ 167,180,576
Amount Available in Debt Service Fund		-
Gross Indebtedness	86,745,177	
Less: Debt Exempt from Limitation	<u>-</u>	
Debt Subject to 9% Limitation		<u>(86,745,177)</u>
Legal Debt Margin within 9% Limitation		<u>\$ 80,435,399</u>
<hr/>		
<b>UNVOTED DIRECT DEBT LIMITATION</b>		
Unvoted Debt Limitation 0.1% of Assessed Valuation		\$ 1,857,562
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>\$ 1,857,562</u>
<hr/>		
<b>ENERGY CONSERVATION BOND LIMITATION</b>		
Ohio Revised Code Section 133.042		
Debt Limitation 0.9% of Assessed Valuation		\$ 16,718,058
Energy Conservation Bonds Authorized by the Board of Education		<u>-</u>
Legal Debt Margin within 0.9% Limitation		<u>\$ 16,718,058</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, 2005**

**TABLE 8**

Governmental Unit	Gross General Obligation	Percent Applicable to School District (1)	Amount Applicable to School District
Direct debt:			
Princeton City School District	\$ 86,745,177	100.00%	\$ 86,745,177
Overlapping debt:			
Butler County	80,380,000	1.66%	1,334,308
Hamilton County	123,280,000	9.27%	11,428,056
Warren County	684,665	0.51%	3,492
City of Blue Ash	-	3.99%	-
City of Sharonville	23,980,000	99.97%	23,972,806
City of Springdale	7,260,000	99.99%	7,259,274
Village of Evendale	1,785,000	83.99%	1,499,222
Village of Glendale	615,303	100.00%	615,303
Village of Lincoln Heights	-	100.00%	-
Village of Woodlawn	4,500,000	100.00%	4,500,000
Deerfield Township	6,864,600	2.79%	191,522
Springfield Township	14,228,417	1.20%	170,741
West Chester Township	40,605,000	4.52%	1,835,346
Great Oaks Joint Vocational School District	4,340,000	10.81%	469,154
Total overlapping debt:	<u>308,522,985</u>		<u>53,279,225</u>
Total direct and overlapping debt:	<u>\$ 395,268,162</u>		<u>\$ 140,024,402</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  
 1996 - 2005

<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>
2005	\$ 472,656	\$ 4,012,095	\$ 4,484,751	\$ 65,994,171	6.80%
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	-

Source: Princeton City School District financial records.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN YEARS**  
**1996 - 2005**

**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>
2005	41,880	5,856	5.7%	5.7%
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%

Source: (1) Ohio Municipal Advisory Council estimated population.

(2) Princeton City School District records. Year 2005 includes Preschool head count enrollment.

(3) Greater Cincinnati Chamber of Commerce.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
**CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUES**  
**LAST TEN CALENDAR YEARS**  
**1995 - 2004**

**TABLE 11**

<u>Year</u>	<u>Construction (1)</u>	<u>Bank Deposits (in thousands) (2)</u>	<u>Property Values (3)</u>
2004	318,753,919	\$ 149,199,466	1,358,732,160
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	-

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, 2005**

**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	85,222,130	4.59%
Cincinnati Gas & Electric	Public utility	33,166,690	1.79%
General Electric Co.	Manufacturer of aircraft engines	28,268,440	1.52%
G&I Executive Center	Real estate holding company	16,450,000	0.89%
Duke Realty Company	Real estate holding company	13,689,630	0.74%
Proctor & Gamble Company	Manufacturer of consumer products	13,626,090	0.73%
Proctor & Gamble Global	Manufacturer of consumer products	10,955,970	0.59%
Dugan Financing	Construction company	10,784,490	0.58%
Cincinnati Bell	Public utility	10,451,450	0.56%
Cincinnati Bell Wireless	Cellular phone provider	10,302,770	0.55%
	<b>Total</b>	<b>232,917,660</b>	<b>12.54%</b>
	<b>All others</b>	<b><u>1,624,644,292</u></b>	<b>87.46%</b>
	<b>Grand total</b>	<b><u>\$ 1,857,561,952</u></b>	<b><u>100.00%</u></b>

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, 2005

**TABLE 13**

Employer	Type of Business	Number of Employees
General Electric Company	Manufacturer of aircraft engines	5,200
Ford Motor Company	Manufacturer of automobiles	3,000
Avon Products, Incorporated	Manufacturer of consumer products	1,613
U S Bulk Mail Center	Delivery of U S mail	1,250
John Morrell & Company	Manufacturer of food products	1,060
Champion Window Manufacturing	Manufacturer and retailer of building materials	1,000
Adecco NA LLC	Provider of temporary employment services	969
Princeton City School District	Primary and secondary education	919
General Electric Client Business	Manufacturing sales and support	916
United Parcel Service	Delivery service	741

Source: Princeton City School District records.

**PRINCETON CITY SCHOOL DISTRICT, OHIO**  
 MISCELLANEOUS STATISTICAL DATA  
 JUNE 30, 2005

Enrollment by grade

	K	1	2	3	4	5	6	7	8	9
2004-05	418	380	376	395	394	413	429	449	469	546

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The following are projections:

2005-06	390	404	347	380	386	384	422	386	443	444
2006-07	371	372	383	331	368	381	383	412	382	476
2007-08	370	354	353	365	320	363	380	374	408	410
2008-09	368	353	336	336	353	316	362	371	370	438
2009-10	366	351	334	320	325	349	315	354	368	397
2010-11	364	349	333	318	310	321	348	308	350	395
2011-12	363	348	331	317	308	306	320	340	305	376
2012-13	361	346	330	315	307	304	305	313	336	327
2013-14	359	345	328	314	305	303	303	298	310	361
2014-15	358	343	326	312	304	302	302	297	295	332
2015-16	356	341	325	311	303	300	301	295	294	317

Source: Princeton City School District records.

Table reflect head count totals not ADM. Preschool excluded.

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

**TABLE 14**

10	11	12	JVS	TOTAL
451	427	462	nps	5,609
<hr/>				
478	457	416	nps	5,337
381	450	446	nps	5,136
408	359	438	nps	4,902
352	384	350	nps	4,689
376	331	374	nps	4,560
341	354	323	nps	4,414
339	321	345	nps	4,319
323	319	313	nps	4,199
281	304	311	nps	4,122
310	264	296	nps	4,041
286	292	258	nps	3,979





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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 17, 2006**