



**Auditor of State
Betty Montgomery**

PRINCETON CITY SCHOOL DISTRICT
HAMILTON COUNTY

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PRINCETON CITY SCHOOL DISTRICT
HAMILTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$49,839		\$49,839
School Breakfast Program	05-PU	10.553	198,380		198,380	
National School Lunch Program	LLP1,LLP4	10.555	860,623		860,623	
Summer Food Service Program for Children	23PU,24PU	10.559	44,880		44,880	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>1,103,883</u>	<u>49,839</u>	<u>1,103,883</u>	<u>49,839</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	565,863		626,861	
Special Education - Preschool Grant	PG-S1	84.173	19,626		21,653	
Total Special Education Cluster			<u>585,489</u>		<u>648,514</u>	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1	84.010	630,745		559,829	
Drug-Free Schools Grant	DR-S1	84.186	19,893		26,478	
Goals 2000/Continuous Improvement	G2-S2	84.276	(18,178)		9,267	
Eisenhower	MSS1	84.281	(3,032)		6,343	
Innovative Educational Program Strategies	C2-S1	84.298	20,941		30,723	
Technology Literacy Challenge Fund Grants	TJ-S1	84.318	16,847		14,865	
Advanced Placement Program	AV-S1	84.330	150		-	
Reading Excellence	RNS1	84.338	(54,706)		58,731	
School Renovation, IDEA and Technology	AT-S3	84.352A	61,800		67,949	
English Language Acquisition	T3-S1	84.365	8,226		2,718	
Improving Teacher Quality	TR-S1	84.367	109,252		86,099	
Class Size Reduction	CR-S1	84.340	(13,553)		-	
Community Alternative Fund System		94.778	114,794		114,794	
<i>Passed Through Great Oaks Institute of Technology and Career Development</i>						
Vocational Education - Basic Grants to State	N/A	84.048			3,931	
21st Century Community Learning Centers/After School Learning Centers	N/A	84.287	180,471		159,743	
Bilingual Education	N/A	84.288	229,317		208,210	
Total Department of Education			<u>1,888,456</u>		<u>1,998,194</u>	
Totals			<u>\$2,992,339</u>	<u>\$49,839</u>	<u>\$3,102,077</u>	<u>\$49,839</u>

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

**PRINCETON CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2003**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government'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 Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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

NOTE C -- MATCHING REQUIREMENTS

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

NOTE D – TRANSFERS

CFDA No. 84.281 has been eliminated. Amounts remaining in the fund were transferred to CFDA No. 84.367.

CFDA Number	Transfer In	Transfer Out
84.281		\$ 3,032
84.340		13,553
84.367	\$ 16,585	

NOTE E – EXPIRATION OF THE PERIOD OF AVAILABILITY

The Goals 2000 and Reading Excellence federal programs refunded \$18,178 and \$54,706, respectively due to the expiration of the period of availability.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the accompanying financial statements of Princeton City School District, Hamilton County, Ohio (the District), as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated February 20, 2004, which we noted the District adopted Governmental Accounting Standards Board Statements Nos. 34, 37, 38, 39 and Governmental Standards Board Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-001 through 2003-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 20, 2004.

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

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

Betty Montgomery
Auditor of State

February 20, 2004



Auditor of State Betty Montgomery

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

Princeton City School District
Hamilton County
25 West Sharon Road
Cincinnati, Ohio 452426

To the Board of Education:

Compliance

We have audited the compliance of the Princeton City School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

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

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated February 20, 2004.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2003, and have issued our report thereon dated February 20, 2004, wherein we noted the District adopted Governmental Accounting Standards Board Statements Nos. 34, 37, 38, 39 and Governmental Standards Board Interpretation 6. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

February 20, 2004

**PRINCETON CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2003-001

Material Noncompliance/Reportable Condition

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

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

- A. Then and Now Certificates- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 (\$3,000 after 4-8-2003) dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board, if such expenditure is otherwise valid.

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

Contrary to the above requirement, 11.5% of the expenditures tested were not certified at the time the commitment was made as to the availability of funds. Failure to encumber appropriations can result in overspending funds and negative cash fund balances. Therefore we recommend the District obtain approved purchase orders which contain the treasurer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making the commitment.

FINDING NUMBER 2003-002

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41(B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures plus encumbrances exceeded appropriations at year-end for the Buildings Fund by \$783,336. This was the result of an encumbrance still outstanding at June 30, 2003. We recommend the District obtain Board approval for increasing appropriations before purchase orders are created that violate this Ohio Revised Code section.

FINDING NUMBER 2003-003

Reportable Condition

The District did not prepare accurate or complete cash reconciliations for the audit period. At fiscal year end June 30, 2003, the District's accounting system shows approximately \$22,176 more than the reconciled bank balances which has been carried as a reconciling item and accumulated since approximately August 2001. The general reconciliation reflected the following discrepancies:

- Payroll reconciling items were not reflected on the general reconciliation resulting in a (\$20,648) variance;
- Prescription reimbursement account reconciling items were not reflected on the general reconciliation resulting in a (\$3,108) variance;
- Prior months' "out of balance" amounts were carried forward as reconciling items in the amount of \$1,606.

The following reconciling errors occurred that created the above mentioned variances:

- Out of balance amounts were not researched and cleared on a monthly basis. Instead they were carried as reconciling items which accumulated;
- Some reconciling items were not included in the reconciliation, possibly because of the confusion created with the Payroll and Prescription Reimbursement accounts sweeping into the General Account;
- Numerous payroll overpayments were not properly accounted for on the District's books. Adjustments were posted to the payroll system to reduce payroll expenditures for the overpayments, while receipts were posted to the general accounting system for the amounts paid back by the employees, resulting in double postings.

If known payroll errors are adjusted in the system, then the remaining variance would be \$1,527 books over bank. This variance (including a \$26 undocumented reconciling item) is a result of unknown errors.

Cash reconciliations are a pertinent function for all governmental entities. Reconciliations provide useful information concerning any errors or misappropriations of funds that may have occurred, as well as the District's cash position on a given date. Cash reconciliations should be performed and reviewed in a timely manner to provide management with an understanding of the District's cash activity, and as a management tool for detecting transaction errors. Without proper controls over reconciling and posting payroll activity, the risk of errors, theft and misappropriation of funds increases.

We recommend the District properly reconcile their accounts on a monthly basis. Any variances should be immediately investigated and resolved. We also recommend the Treasurer review and sign off on the reconciliation thereby indicating approval and promoting timeliness of reconciliations.

FINDING NUMBER 2003-004

Reportable Condition

An effective monitoring control system has not been implemented to assist management (Treasurer and Board of Education) in detecting material misstatements in financial or other information. The District should develop and implement a monitoring system to reduce the risk of not detecting material misstatements.

**FINDING NUMBER 2003-004
(Continued)**

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved. These controls should address operational, legal compliance, and financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action. The Board reviews actual receipts, expenditures, and balances monthly at the fund level, however we recommend that Board implement additional monitoring controls.

Monitoring controls may be in the nature of ongoing activities or separate periodic evaluation by either management or an internal audit function. They can relate to a specific transaction cycle or they can be more overview in nature.

Monitoring controls should assist management in detecting material misstatements in financial or other information and can include:

- regular review of budget and actual expenditures;
- regular review of financial report summaries of sufficient detail (monthly detailed revenue and expenditure reports);
- review of key performance indicators;
- review of revenues/expenditures with independently accumulated information (budgets, past performance, etc.);
- review of unusual or significant items, long outstanding items, etc.;
- identification of unusual fluctuations;
- approval of new funds;
- ensuring an adequate segregation of duties exist.

FINDING NUMBER 2003-005

Reportable Condition

The District has not adopted a Student Activity Manual/Policy outlining proper procedures and reporting of extracurricular activities. We noted the following deficiencies in internal controls.

Student Activities

- A ticket log is not currently kept to insure proper accounting of tickets.
- The "Projected Program/Sale Request" forms do not contain proper information as suggested in the Auditor of State Guidelines for Developing Policies for Student Activity Programs handbook, available at www.auditor.state.oh.us , Publications, Manuals and Handbooks.
- No fund raisers are reconciled at the conclusion of the sale to determine proper collection of monies and the profitability of the event ("shortfalls" are not determined).
- No sales are "audited" internally by the District.

**FINDING NUMBER 2003-005
(Continued)**

The deficiencies outlined below were noted in our testing of football ticket sales and prom ticket sales:

Football ticket sales:

- Two football sales deposits were each \$10 short when they reached the bank.
- The last tickets were not attached to Ticket Tally forms on six occasions.
- There is no documentation of how many tickets are given to a cashier to be sold.

Prom ticket sales:

- Ten tickets on the roster were not included on the payment record forms and no indication was given that the tickets were complimentary.
- Many unsold tickets were not on file.
- One payment record form was not summed properly resulting in an undocumented shortage of \$80. There was no signature on this form.

These deficiencies can result in errors or misstatements of financial records or the misappropriation of assets. The Auditor of State Guidelines for Developing Policies for Student Activity Programs handbook emphasizes the importance of internal control structure in the following statement:

“Establishing and maintaining an internal control structure is an important management responsibility. To provide reasonable assurance that objectives will be achieved, the internal control structure should be under ongoing supervision by management that makes both quantitative and qualitative estimates and judgments in evaluation the cost-benefit relationship.”

We recommend the District adopt a Student Activity Manual/Policy incorporating the following control procedures:

- A ticket log should be maintained by the Ticket Manager. This log should track all tickets used, with beginning and ending ticket numbers, at events and should be able to be reconciled to all sales during the school year at the end of the year. It should also document the number of tickets actually given to cashiers, which should then be verified as returned by the ticket sales manager or building cashier. Using a ticket log will help track tickets and detect potential theft or missing of tickets.
- Projected Program/Sale Request forms should require the sponsor/advisor to document proposed sale prices and estimated revenue versus related expenses to determine potential shortfalls which would indicate a sale was not accounted for properly. These should be reviewed in detail and approved by the Treasurer and Superintendent prior to the commencement of a sale. In addition, an Activity Fund Budget Purpose form should be completed and filed with the Treasurer's office for each student activity program. Complimentary or reduced price tickets should be clearly documented as well as other explanations of variances between sales and collections
- Cost reconciliation forms should be completed after fund raisers, insuring all cash has been collected and discrepancies documented. It is vital that actual revenues versus expenditures be evaluated to determine profitability and future occurrence of sales. Payment record forms should be recalculated and signed. If deposits continue to be short en route to the bank, then additional procedures may be necessary.

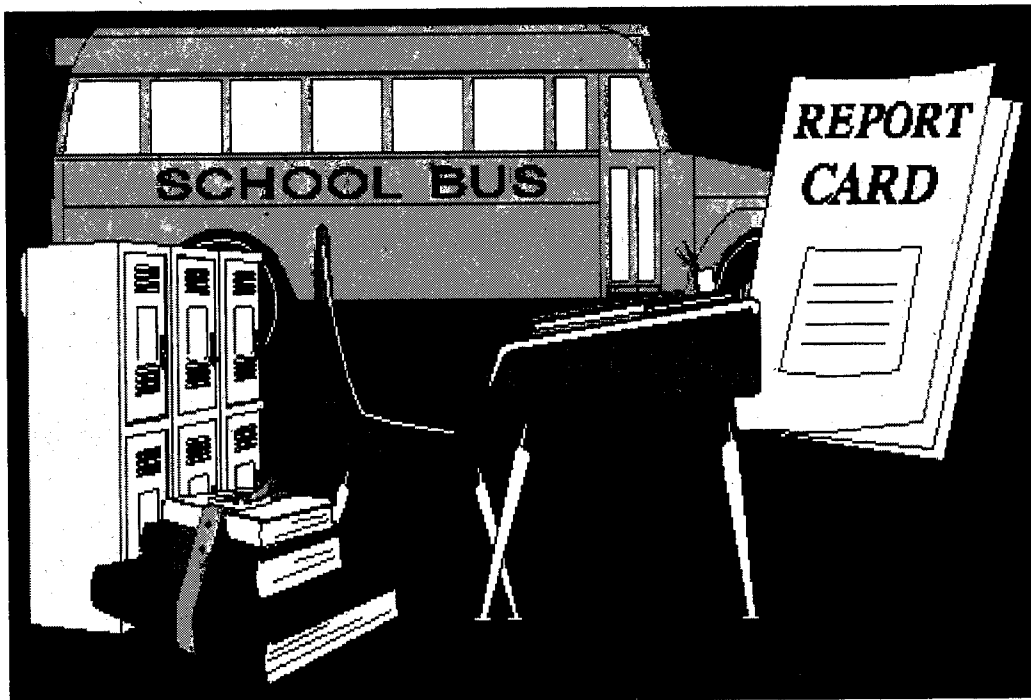
FINDING NUMBER 2003-005
(Continued)

- At the end of each fiscal year an internal audit be conducted in order to verify compliance with board policies, receipts, expenditures, cash on hand, petty cash, and to balance all ledgers and journals with the depository. A copy of this audit should be on file in both the Treasurer's and Superintendent's offices. All organizational records and internal audit working papers should also be retained in the treasurer's office.

3. FINDINGS FOR FEDERAL AWARDS

None.

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



*Princeton City School District
Cincinnati, Ohio*

**PRINCETON CITY SCHOOL DISTRICT
CINCINNATI, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

PREPARED BY: OFFICE OF THE TREASURER

**LARRY A. MCDONOUGH
TREASURER**

INTRODUCTORY SECTION

Mission Statement

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

PRINCETON CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Office of the Treasurer

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February 20, 2004

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

We are pleased to present the seventh Comprehensive Annual Financial Report (CAFR) of the Princeton City School District (District) for the fiscal year ended June 30, 2003. 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 2002-03 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, 2002, CAFR.
- The Financial Section includes the independent accountants' report on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements, and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
- The Statistical Section includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

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

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

DESCRIPTION OF THE DISTRICT

The District serves an area of 36 square miles in the north central part of Hamilton County, encompassing the villages of Glendale, Evendale, Woodlawn and Lincoln Heights, and, the cities of Springdale and Sharonville. It also encompasses a small portion of Butler and Warren Counties. The total District population has increased slightly from 40,980 in 1990 to 42,426 in 2003, 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 2002-03 school year, the District served 6,110 students enrolled in nine elementary schools, one junior high school and one high school. The District's enrollment remains relatively stable 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 2002-03 school year, 37% of the students enrolled were participating in the free lunch program; 137 students were enrolled in a full time trade program through vocational education; 805 students received instruction through a variety of special education programs; and over 1,131 students were served in the district's advanced academic programs. The District also offers a comprehensive adult education program to the community to help adults obtain a high school diploma.

ORGANIZATION OF THE DISTRICT

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

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

<u>Board Member</u>	<u>Current Term</u>	<u>Total Years</u>
Mr. Gary Bryson	Jan. 2000 - Dec. 2003	3 - 1/2
Mr. George Keyser	Jan. 2000 - Dec. 2003	3 - 1/2
Mr. Mark Lemen	Jan. 2002 - Dec. 2005	7
Mrs. Jenny Pansing	Jan. 2002 - Dec. 2005	5 - 1/2
Ms. Tawana Keels	Jan. 2000 - Dec. 2003	7 - 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. Don Darby has served as Superintendent since July 1, 2001.

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 19 1/2 years experience as a school treasurer in Ohio. At its regular meeting in October 2000, the board approved a four-year contract extension, which will expire in January 2005.

FINANCIAL CONDITION

This is the first 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 2003 and the outlook for the future.

EMPLOYEE RELATIONS

As of June 30, 2003, the Board employed 1,022 full-time employees. Of the Board's current employees, 538 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, 2003, the District and the association completed the third 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, 2003, the District and the association completed the third 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. 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 2002-03 school year are as follows:

1. Increase academic achievement for students, district-wide.
2. Close achievement gaps among students as evidenced by Ohio Department of Education Report Cards and locally generated disaggregated data reflecting minority students' performance.

3. Ensure adequate financial resources to provide for continued high quality and consistent educational opportunities for all students.
4. Address issues facing the district because of its aging school buildings and declining enrollments.
5. Develop and implement a customer focus initiative that will positively impact students, staff and community.
6. Continue the administrative development program to ensure effective leadership at all levels of administration.

FINANCIAL INFORMATION

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

Internal Controls

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

Single Audit Act

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

As a part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2003, 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, commercial paper, in the Ohio State Treasurer's Investment Pool (Star Ohio), or in United States Government bills or notes. The amount of investment income in fiscal year 2003 for all District funds was \$729,971. A more detailed description of the District's investment functions is provided in Note 4 to the financial statements.

Risk Management

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

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Princeton City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2002. This was the fifth 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.

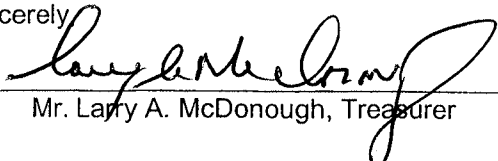
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2002, to the District. The award was the sixth for the District. The award certifies that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002, 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.

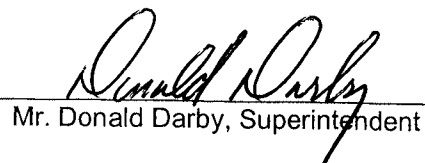
Acknowledgments

The preparation and publication of the 2003 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 Mr. Art Precht for his exceptional individual efforts in preparing this report. Finally, this report would not have been possible without the support, commitment, and leadership of the Board of Education to continue the pursuit of excellence in financial reporting.

Sincerely



Mr. Larry A. McDonough, Treasurer



Mr. Donald Darby, Superintendent

PRINCETON CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
June 30, 2003

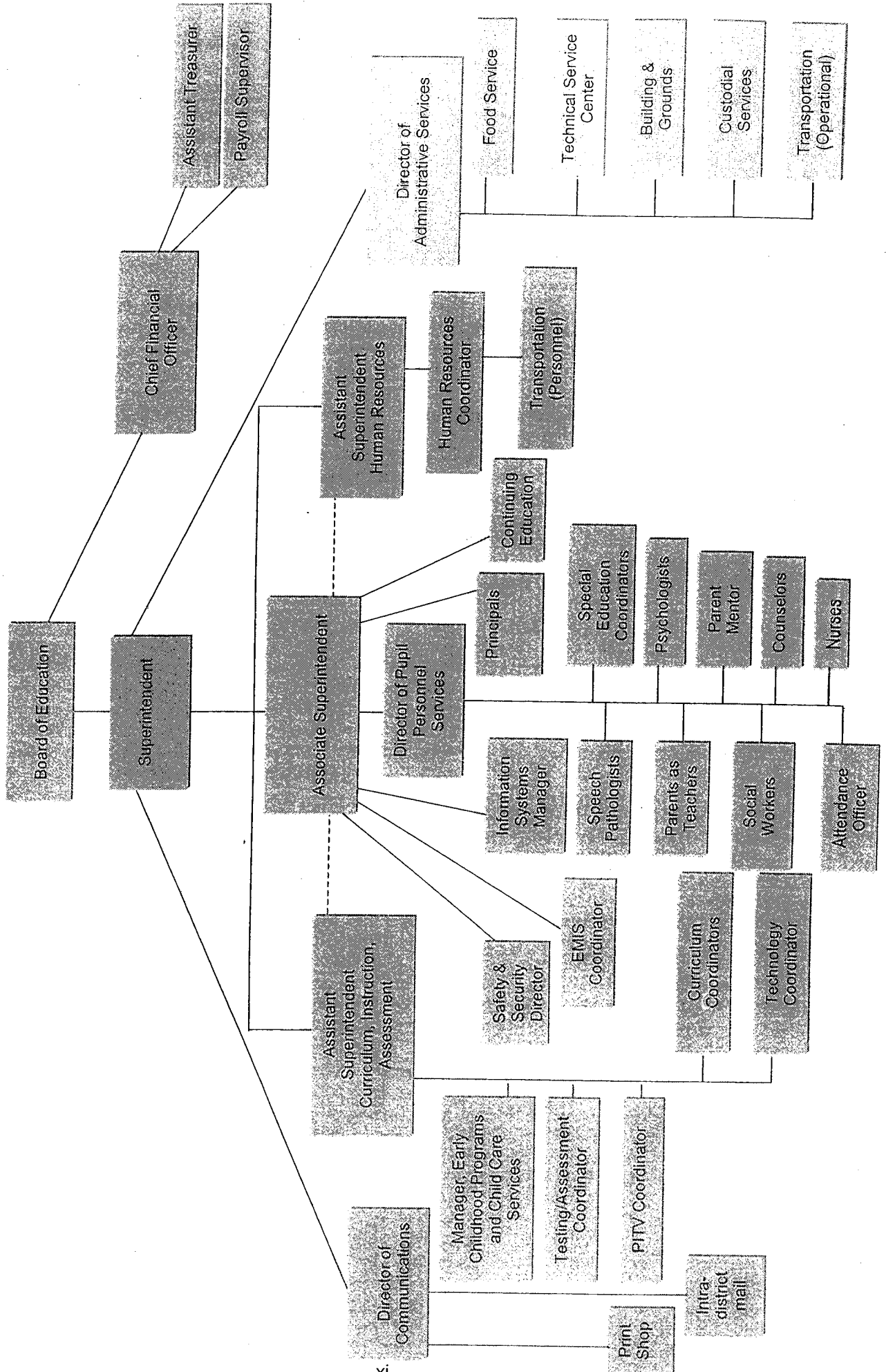
Elected Officials

President, Board of Education Mr. George Keyser
Vice-President, Board of Education Mr. Gary Bryson
Board Member Ms. Tawana Keels
Board Member Mr. Mark Lemen
Board Member Mrs. Jenny Pansing

Administrative Officials

Superintendent Mr. Donald Darby
Treasurer/Chief Financial Officer Mr. Larry A. McDonough
Associate Superintendent Mr. Aaron Mackey
Assistant Superintendent, Curriculum, Instruction & Assessment Dr. Lon Stettler
Assistant Superintendent, Human Resources Dr. Michelle Means-Walker

Princeton City School District Organizational Chart





TOLEDO

CLEVELAND

COLUMBUS

•DAYTON

MARIETTA

☆Princeton City Schools
CINCINNATI

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, 2002

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



President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

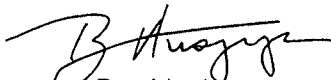


This Certificate of Excellence in Financial Reporting is presented to

PRINCETON CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2002

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.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities and business-type activities, 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, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and the aggregate remaining fund information of the Princeton City School District, as of June 30, 2003 and, the respective changes in financial position and the cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. The District also adopted Governmental Accounting Standards Board Statements 37, 38, 39 and Interpretation 6.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance (non-GAAP budgetary basis) are not a required part of the basic financial statements, but are supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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



Betty Montgomery
Auditor of State

February 20, 2004

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, 2003. 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 2003 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$39.7 million. Of this amount, \$31.7 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net assets increased by \$.4 million.
- ✓ The School District had \$72.2 million in expenses related to governmental activities; only \$5.2 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$67.2 million, made up primarily of property taxes and State Foundation payments, were adequate to provide for these programs.
- ✓ The General Fund balance decreased by \$.3 million from \$33.7 million in fiscal year 2002 to \$33.4 million in fiscal year ended June 30, 2003.

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.

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).

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

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.

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, 2003
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, 2003:

	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current and other assets	\$ 93,170,512	1,100,050	94,270,562
Capital assets	<u>8,014,935</u>	<u>274,607</u>	<u>8,289,542</u>
Total assets	<u>101,185,447</u>	<u>1,374,657</u>	<u>102,560,104</u>
Long-term debt outstanding	3,683,038	27,798	3,710,836
Other liabilities	<u>58,826,037</u>	<u>286,255</u>	<u>59,112,292</u>
Total liabilities	<u>62,509,075</u>	<u>314,053</u>	<u>62,823,128</u>
Net assets:			
Invested in capital assets, net of debt	6,625,976	274,607	6,900,583
Restricted:			
For capital purposes	2,673	-	2,673
Other purposes	1,178,658	-	1,178,658
Unrestricted	<u>30,869,065</u>	<u>785,997</u>	<u>31,655,062</u>
Total net assets	<u>\$ 38,676,372</u>	<u>1,060,604</u>	<u>39,736,976</u>

Because this is the first year to report all activities using the accrual basis of accounting, the District has chosen not to present prior year comparisons of the net assets at year end. However, in future years, this section will explain the differences between the current- and prior-year assets, liabilities, and changes in net assets. Refer to the following section for discussion of the reasons for the change in net assets during the year.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

B. Governmental and Business-type Activities during fiscal year 2003

The following is a condensed summary of the School District's activities during 2003:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services and sales	\$ 1,482,655	2,235,181	3,717,836
Operating grants and contributions	3,629,108	1,350,606	4,979,714
Capital grants and contributions	<u>102,848</u>	<u>-</u>	<u>102,848</u>
Total program revenues	<u>5,214,611</u>	<u>3,585,787</u>	<u>8,800,398</u>
General revenues:			
Property taxes	56,692,006	-	56,692,006
Grants and entitlements	9,283,088	-	9,283,088
Investment earnings	729,971	-	729,971
Miscellaneous	430,894	-	430,894
Gain on disposal of capital assets	<u>39,830</u>	<u>-</u>	<u>39,830</u>
Total general revenues	<u>67,175,789</u>	<u>-</u>	<u>67,175,789</u>
Total revenues	<u>72,390,400</u>	<u>3,585,787</u>	<u>75,976,187</u>
Expenses:			
Instruction	37,739,356	-	37,739,356
Support services:			
Pupil	4,855,476	-	4,855,476
Instructional staff	5,438,025	-	5,438,025
Board of Education	346,989	-	346,989
Administration	5,013,395	-	5,013,395
Fiscal	1,702,433	-	1,702,433
Business	488,820	-	488,820
Operation and maintenance of plant	8,604,249	-	8,604,249
Pupil transportation	3,782,287	-	3,782,287
Central	1,316,573	-	1,316,573
Non-instructional services	2,740,798	-	2,740,798
Interest and fiscal charges	138,719	-	138,719
Food services	-	2,389,282	2,389,282
Early childhood programs	-	1,017,455	1,017,455
Uniform school supplies	<u>-</u>	<u>26,209</u>	<u>26,209</u>
Total expenses	<u>72,167,120</u>	<u>3,432,946</u>	<u>75,600,066</u>
Change in net assets	<u>\$ 223,280</u>	<u>152,841</u>	<u>376,121</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

Of the total governmental activities revenues of \$72,390,400, \$5,214,611 (7%) 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, 84% (\$56,692,006) comes from property tax levies and 14% (\$9,283,088) is from state and federal funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

As previously mentioned, because this is the first year to report all activities using the accrual basis of accounting, the District has chosen not to present prior year comparisons. However, in future years, this section will explain the differences between the current- and prior-year assets, liabilities, and changes in net assets.

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 7% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$37,739,356 but program revenue contributed to fund 8% of those costs. Thus, general revenues of \$34,784,441 were used to support of remainder of the instruction costs.

The School District's governmental activities net assets increased by \$223,280 during the fiscal year which represents less than a 1% increase.

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	\$	37,739,356	2,954,915	8%	34,784,441
Support services		31,548,247	1,049,254	3%	30,498,993
Non-instructional services		2,740,798	1,210,442	44%	1,530,356
Interest and fiscal charges		<u>138,719</u>	<u>-</u>	0%	<u>138,719</u>
Total	\$	<u>72,167,120</u>	<u>5,214,611</u>	<u>7%</u>	<u>66,952,509</u>

Business-type Activities

Net assets of the business-type activities increased by \$152,841 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 104% of the costs associated with these activities.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

Business-type Activities

		Total Cost of Services	Program Revenue	Revenues as a % of Total Costs	Net Cost (Revenue) of Services
Food services	\$	2,389,282	2,472,702	103%	(83,420)
Early childhood programs		1,017,455	1,075,378	106%	(57,923)
Uniform school supplies		<u>26,209</u>	<u>37,707</u>	144%	<u>(11,498)</u>
Total	\$	<u><u>3,432,946</u></u>	<u><u>3,585,787</u></u>	<u>104%</u>	<u><u>(152,841)</u></u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has one major governmental fund: the General Fund. Assets of this fund comprise \$86,623,716 (92%) of the total \$93,711,394 governmental funds assets.

General Fund. Fund balance at June 30, 2003 was \$33,443,534, including \$17,135,200 of unreserved balance, which represents 26% of expenditures for fiscal year 2003. The primary reason for the decrease in fund balance of \$334,793 was the increase in transfers to nonmajor governmental funds.

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 original and final budgets were substantively the same with a difference in expenditures of less than \$130,000 which represents less than 1% of the original budget. Due to the timing of the final revision, final budget figures are closely aligned with actual figures.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2003, the School District had \$8,289,542 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The total increase in the School District's investment in capital assets for the current fiscal year was approximately 6%. See Note 7 to the financial statements for more detail.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

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

	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 905,503	-	905,503
Land improvements	842,849	-	842,849
Buildings and improvements	3,299,619	-	3,299,619
Furniture and equipment	2,218,611	274,607	2,493,218
Vehicles	<u>748,353</u>	<u>-</u>	<u>748,353</u>
Total	<u>\$ 8,014,935</u>	<u>274,607</u>	<u>8,289,542</u>

Major capital asset events during the current fiscal year included the addition of six new school busses and the placement of two double wide modular units on the site of one elementary school to solve a flooding issue.

Debt

At the end of the current fiscal year, the School District had total bonded debt outstanding of \$303,353. During the fiscal year, outstanding debt decreased by \$925,422 as the School District made its normal scheduled debt payments. The remaining outstanding debt has a final maturity of May 2005. See Note 12 to the financial statements.

ECONOMIC FACTORS

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

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

In the fiscal year 2004, Princeton has experienced a \$61 million drop in valuation on its tangible personal property tax revenue which results in an approximate decline of \$2.8 million in tax revenue. The District is countering with budget cuts this year and next in order to delay asking taxpayers to approve an operating levy until 2005.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

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.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets

June 30, 2003

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and investments	\$ 25,196,149	767,418	25,963,567
Receivables:			
Taxes	66,510,955	-	66,510,955
Accounts	134,859	60,876	195,735
Intergovernmental	351,398	225,243	576,641
Interest	101,455	-	101,455
Supplies inventory	283,085	46,513	329,598
Restricted cash and investments	592,611	-	592,611
Nondepreciable capital assets	905,503	-	905,503
Depreciable capital assets, net	<u>7,109,432</u>	<u>274,607</u>	<u>7,384,039</u>
Total assets	<u>101,185,447</u>	<u>1,374,657</u>	<u>102,560,104</u>
Liabilities:			
Accounts payable	1,420,403	37,684	1,458,087
Accrued wages and benefits	5,476,638	167,289	5,643,927
Intergovernmental payable	891,678	81,282	972,960
Deferred revenue	51,036,175	-	51,036,175
Accrued interest payable	1,143	-	1,143
Noncurrent liabilities:			
Due within one year	1,300,141	-	1,300,141
Due within more than one year	<u>2,382,897</u>	<u>27,798</u>	<u>2,410,695</u>
Total liabilities	<u>62,509,075</u>	<u>314,053</u>	<u>62,823,128</u>
Net Assets:			
Invested in capital assets, net of related debt	6,625,976	274,607	6,900,583
Restricted for:			
Capital projects	2,673	-	2,673
Other purposes	1,178,658	-	1,178,658
Unrestricted	<u>30,869,065</u>	<u>785,997</u>	<u>31,655,062</u>
Total net assets	<u>\$ 38,676,372</u>	<u>1,060,604</u>	<u>39,736,976</u>

See accompanying notes to the basic financial statements.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Activities

Year Ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$ 29,334,784	1,346,780	640,199	102,848
Special education	7,373,837	-	865,088	-
Other instruction	1,030,735	-	-	-
Support services:				
Pupil	4,855,476	-	401,800	-
Instructional staff	5,438,025	-	588,553	-
Board of Education	346,989	-	-	-
Administration	5,013,395	-	-	-
Fiscal	1,702,433	-	-	-
Business	488,820	-	-	-
Operation and maintenance of plant	8,604,249	-	-	-
Pupil transportation	3,782,287	-	-	-
Central	1,316,573	-	58,901	-
Non-instructional services:				
Extracurricular activities	1,517,308	135,875	-	-
Community service	1,223,490	-	1,074,567	-
Interest and fiscal charges	138,719	-	-	-
Total Governmental Activities	<u>72,167,120</u>	<u>1,482,655</u>	<u>3,629,108</u>	<u>102,848</u>
Business-Type Activities:				
Food Service	2,389,282	1,122,096	1,350,606	-
Uniform School Supplies	26,209	37,707	-	-
Early Childhood Programs	1,017,455	1,075,378	-	-
Total Business-Type Activities	<u>3,432,946</u>	<u>2,235,181</u>	<u>1,350,606</u>	<u>-</u>
	\$ <u>75,600,066</u>	<u>3,717,836</u>	<u>4,979,714</u>	<u>102,848</u>

General Revenues:

Property taxes, levied for general purposes
 Grants and entitlements not restricted to specific programs
 Investment earnings
 Miscellaneous
 Gain on disposal of capital assets
 Total general revenues

 Change in net assets

 Net assets beginning of year
 Net assets end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
\$	(27,244,957)	-	(27,244,957)
	(6,508,749)	-	(6,508,749)
	(1,030,735)	-	(1,030,735)
	(4,453,676)	-	(4,453,676)
	(4,849,472)	-	(4,849,472)
	(346,989)	-	(346,989)
	(5,013,395)	-	(5,013,395)
	(1,702,433)	-	(1,702,433)
	(488,820)	-	(488,820)
	(8,604,249)	-	(8,604,249)
	(3,782,287)	-	(3,782,287)
	(1,257,672)	-	(1,257,672)
	-	-	-
	(1,381,433)	-	(1,381,433)
	(148,923)	-	(148,923)
	(138,719)	-	(138,719)
	(66,952,509)	-	(66,952,509)
	-	83,420	83,420
	-	11,498	11,498
	-	57,923	57,923
	-	152,841	152,841
	(66,952,509)	152,841	(66,799,668)
	56,692,006	-	56,692,006
	9,283,088	-	9,283,088
	729,971	-	729,971
	430,894	-	430,894
	39,830	-	39,830
	67,175,789	-	67,175,789
	223,280	152,841	376,121
	38,453,092	907,763	39,360,855
\$	38,676,372	1,060,604	39,736,976

PRINCETON CITY SCHOOL DISTRICT, OHIO

Balance Sheet

Governmental Funds

June 30, 2003

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 23,472,158	1,723,991	25,196,149
Restricted cash and investments	592,611	-	592,611
Receivables:			
Taxes	61,510,955	5,000,000	66,510,955
Accounts	122,570	12,289	134,859
Accrued interest	101,455	-	101,455
Intergovernmental	-	351,398	351,398
Materials and supplies inventory	283,085	-	283,085
Interfund receivable	540,882	-	540,882
Total assets	<u>86,623,716</u>	<u>7,087,678</u>	<u>93,711,394</u>
Liabilities:			
Accounts payable	701,238	719,165	1,420,403
Accrued wages and benefits	5,341,457	135,181	5,476,638
Intergovernmental payable	869,956	21,722	891,678
Interfund payable	-	540,882	540,882
Compensated absences payable	201,099	-	201,099
Deferred revenue	46,066,432	5,338,475	51,404,907
Total liabilities	<u>53,180,182</u>	<u>6,755,425</u>	<u>59,935,607</u>
Fund Balances:			
Reserved for:			
Encumbrances	62,638	977,991	1,040,629
Budget stabilization	592,611	-	592,611
Property taxes	15,370,000	-	15,370,000
Materials and supplies inventory	283,085	-	283,085
Unreserved, reported in:			
General Fund	17,135,200	-	17,135,200
Special Revenue Funds	-	248,469	248,469
Capital Projects Funds	-	(894,207)	(894,207)
Total fund balances	<u>33,443,534</u>	<u>332,253</u>	<u>33,775,787</u>
Total liabilities and fund balances	<u>\$ 86,623,716</u>	<u>7,087,678</u>	<u>93,711,394</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2003

Total Governmental Fund Balances \$ 33,775,787

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 8,014,935

Other long-term assets are not available to pay for current-period
expenditures and therefore are not reported in the funds. 368,732

Long-term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported
in the funds.

General obligation bonds	303,353	
Compensated absences	1,525,470	
Capital leases payable	1,085,606	
Pension obligation payable	567,510	
Accrued interest payable	<u>1,143</u>	
Total		<u>(3,483,082)</u>

Net Assets of Governmental Activities \$ 38,676,372

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2003

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 56,692,006	-	56,692,006
Tuition and fees	1,346,780	-	1,346,780
Interest	699,676	10,101	709,777
Intergovernmental	9,383,349	3,372,635	12,755,984
Other local revenues	431,073	208,581	639,654
Total revenues	<u>68,552,884</u>	<u>3,591,317</u>	<u>72,144,201</u>
Expenditures:			
Current:			
Instruction:			
Regular	27,944,370	682,900	28,627,270
Special education	6,481,634	898,040	7,379,674
Other instruction	1,021,310	-	1,021,310
Support services:			
Pupil	4,411,165	431,790	4,842,955
Instructional staff	4,788,201	592,374	5,380,575
Board of Education	333,915	-	333,915
Administration	5,044,673	32,941	5,077,614
Fiscal	1,692,421	1,232	1,693,653
Business	490,176	2,849	493,025
Operation and maintenance of plant	8,073,346	29,845	8,103,191
Pupil transportation	3,873,170	893	3,874,063
Central	1,161,942	143,686	1,305,628
Non-instructional services:			
Extracurricular activities	975,994	517,473	1,493,467
Community service	130,286	1,092,878	1,223,164
Capital outlay	273,209	259,764	532,973
Debt Service:			
Principal	351,351	925,422	1,276,773
Interest and fiscal charges	98,495	50,509	149,004
Total expenditures	<u>67,145,658</u>	<u>5,662,596</u>	<u>72,808,254</u>
Excess of revenues over (under) expenditures	<u>1,407,226</u>	<u>(2,071,279)</u>	<u>(664,053)</u>
Other financing sources (uses):			
Transfers in	-	1,887,970	1,887,970
Transfers out	(1,887,970)	-	(1,887,970)
Proceeds from capital leases	145,951	-	145,951
Total other financing sources (uses):	<u>(1,742,019)</u>	<u>1,887,970</u>	<u>145,951</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(334,793)	(183,309)	(518,102)
Fund balance, beginning of year	<u>33,778,327</u>	<u>515,562</u>	<u>34,293,889</u>
Fund balance, end of year	<u>\$ 33,443,534</u>	<u>332,253</u>	<u>33,775,787</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, 2003

Net Change in Fund Balances - Total Governmental Funds \$ (518,102)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated estimated useful lives as depreciation expense.

Capital outlay	792,372	
Depreciation expense	<u>(1,383,792)</u>	(591,420)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 925,422

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 10,285

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (273,340)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 279,254

Repayment of capital lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets. 351,351

The statement of activities reports gains from trade-in of capital assets but governmental funds do not report any gain or loss on trade-in of capital assets. 39,830

Change in Net Assets of Governmental Activities \$ 223,280

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets

Proprietary Funds

June 30, 2003

	<u>Nonmajor Enterprise Funds</u>
Assets:	
Current assets:	
Equity in pooled cash and investments	\$ 767,418
Receivables:	
Accounts	60,876
Intergovernmental	225,243
Materials and supplies inventory	<u>46,513</u>
Total current assets	<u>1,100,050</u>
Noncurrent assets:	
Capital assets, net	<u>274,607</u>
Total assets	<u><u>1,374,657</u></u>
Liabilities:	
Current liabilities:	
Accounts payable	37,684
Accrued wages	167,289
Intergovernmental payable	<u>81,282</u>
Total current liabilities	<u>286,255</u>
Noncurrent liabilities:	
Compensated absences	<u>27,798</u>
Total liabilities	<u><u>314,053</u></u>
Net Assets:	
Invested in capital assets, net of related debt	274,607
Unrestricted	<u>785,997</u>
Total net assets	<u><u>\$ 1,060,604</u></u>

See accompanying notes to the basic financial statements.

PRINCETON CITY SCHOOL DISTRICT, OHIO
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2003

	Nonmajor Enterprise Funds
Operating revenues:	
Charges for services	\$ <u>2,235,181</u>
Total operating revenues	<u>2,235,181</u>
Operating expenses:	
Salaries and wages	1,569,754
Fringe benefits	545,157
Contractual services	40,212
Materials and supplies	1,238,586
Depreciation	35,044
Other expenses	<u>4,193</u>
Total operating expenses	<u>3,432,946</u>
Operating loss	(1,197,765)
Nonoperating revenues:	
Operating grants	1,345,014
Interest income	<u>5,592</u>
Total nonoperating revenues	<u>1,350,606</u>
Net income	152,841
Net assets, beginning of year, restated	<u>907,763</u>
Net assets, end of year	\$ <u><u>1,060,604</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, 2003

	<u>Nonmajor Enterprise Funds</u>
Cash flows from operating activities:	
Cash received from customers	\$ 2,187,310
Cash payments for personal services	(2,117,140)
Cash payments for contract services	(39,932)
Cash payments for supplies and materials	(1,144,278)
Cash payments for other expenses	(7,674)
Net cash used by operating activities	<u>(1,121,714)</u>
Cash flows from noncapital financing activities:	
Cash received from operating grants	<u>1,155,870</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(57,017)</u>
Cash flows from investing activities:	
Investment income	<u>5,592</u>
Net decrease in cash and cash equivalents	(17,269)
Cash and cash equivalents at beginning of year	<u>784,687</u>
Cash and cash equivalents at end of year	<u>\$ 767,418</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(1,197,765)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	35,044
Donated commodities used	97,286
Changes in assets and liabilities:	
Accounts receivable	(47,871)
Accounts payable	13,123
Supplies inventory	19,367
Accrued wages and benefits	(87,773)
Intergovernmental payable	81,282
Deferred revenue	(38,669)
Compensated absences payable	<u>4,262</u>
Net cash used by operating activities	<u>\$ (1,121,714)</u>

See accompanying notes to the basic financial statements.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets

Fiduciary Funds

June 30, 2003

	Private Purpose Trusts	Agency Fund	Total
ASSETS			
Equity in pooled cash and investments	\$ 387,061	9,779	396,840
Total assets	<u>387,061</u>	<u>9,779</u>	<u>396,840</u>
LIABILITIES			
Accounts payable	799	-	799
Due to student groups	-	9,779	9,779
Total liabilities	<u>799</u>	<u>9,779</u>	<u>10,578</u>
NET ASSETS			
Held in trust	\$ <u>386,262</u>	<u>-</u>	<u>386,262</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, 2003

	<u>Private- Purpose Trust Funds</u>
Additions:	
Contributions	\$ 20,006
Interest	<u>4,044</u>
Total additions	<u>24,050</u>
Deductions:	
Community gifts, awards and scholarships	<u>19,943</u>
Total deductions	<u>19,943</u>
Change in net assets	4,107
Net assets, beginning of year	<u>382,155</u>
Net assets, end of year	\$ <u><u>386,262</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, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2003

The following activity is included within the reporting entity:

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

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

B. 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 is the School District's major governmental fund:

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.

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.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2003

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.

C. 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.

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.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2003

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.

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 and agency 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 private-purpose trust fund 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.

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

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

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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, 2003 which are intended to finance fiscal year 2004 operations have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

E. Budgetary Process

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

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

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

Estimated Resources. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

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contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

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

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

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

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

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2003

F. Cash and Cash Equivalents

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

During fiscal year 2003, the District's investments were limited to US Treasury notes, US Agency securities, commercial paper, money market funds, and the State Treasury Assets Reserve of Ohio (STAR Ohio).

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, 2003.

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, 2003 at fair value.

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

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

G. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used. Inventory in governmental funds consists of expendable supplies. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

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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.

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2003

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

K. Accrued Liabilities and Long-Term Obligations

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

L. Fund Balance Reserves

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

PRINCETON CITY SCHOOL DISTRICT, OHIO
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M. Restricted Assets

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

N. Net Assets

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

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

O. Estimates

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

2. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2003, the School District implemented the following:

- GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments.*
- GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus.*
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures.*
- GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units.*
- GASB Interpretation No. 6, *Recognition and Measurements of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

GASB 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2003

in total in one column. The government-wide financial statements split the School District's programs between business-type and governmental activities.

The beginning net asset amount for governmental programs reflects the change in fund balance at June 30, 2002 caused by the conversion to the accrual basis of accounting as well as a reclassification of an internal service fund as part of the General Fund.

Fund balance - all governmental funds - June 30, 2002	\$ 33,640,246
Reclassification of internal service fund	73,937
GASB 34 adjustments:	
Capital assets	8,481,087
Full accrual revenue recognition	89,478
Accrued interest payable	(11,428)
Long-term liabilities	<u>(3,820,228)</u>
Governmental activities net assets - June 30, 2002	<u>\$ 38,453,092</u>

In addition, the beginning net assets of the nonmajor enterprise funds was restated to correct errors in regards to the capitalization of capital assets. The following table summarizes that restatement:

	Nonmajor Enterprise Funds
Net assets as of June 30, 2002	\$ 761,097
Correction of error	<u>146,666</u>
Net assets as of June 30, 2002, restated	<u>\$ 907,763</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2003

3. ACCOUNTABILITY

Deficit Fund Balances

At June 30, 2003, the following funds had deficit fund balances:

Special Revenue Funds:		
Teacher Development Fund	\$	70
Disadvantaged Pupil Impact Aid Fund		25,590
Title II Fund		65
Title VI-B Fund		85,985
Title I Fund		4,228
Title VI Fund		97,979
Miscellaneous Federal Grants Fund		30,976
Capital Projects Fund:		
Buildings Fund	\$	113,544

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.

Compliance

For the year ended June 30, 2003, encumbrances and expenditures of the Buildings Fund exceeded appropriations contrary to the Ohio Revised Code. This was the result of an encumbrance in June 2003.

4. DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

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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.

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

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
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only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the School District's deposits was \$4,227,224 and the bank balance was \$5,030,568. Of the bank balance, \$100,000 was covered by federal depository insurance and \$4,930,568 was uninsured and uncollateralized as defined by GASB. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
STAR Ohio	\$ -	-	1,179,831
Money market fund	-	-	53,303
Commercial paper	349,888	-	349,888
U.S. Agency securities	-	<u>21,142,772</u>	<u>21,142,772</u>
	<u>\$ 349,888</u>	<u>21,142,772</u>	<u>22,725,794</u>

5. 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

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Notes to the Basic Financial Statements

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personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The School District receives property taxes primarily from Hamilton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 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, 2003. 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 amount available as an advance at June 30, 2003 was \$15,370,000 in the General Fund. The assessed values upon which fiscal year 2003 taxes were collected are:

	<u>2002 Second- Half Collections</u>		<u>2003 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 1,292,462,070	70.17%	1,389,942,760	72.24%
Public Utility	65,887,420	3.58%	67,898,950	3.53%
Tangible Personal Property	<u>483,486,370</u>	26.25%	<u>466,183,196</u>	24.23%
Total Assessed Value	\$ <u>1,841,835,860</u>	100.00%	<u>1,924,024,906</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$46.19		\$45.79

6. INTERFUND TRANSACTIONS

On the fund financial statements, the General Fund has a receivable of \$540,882 that consists of amounts due from nonmajor governmental funds. These interfund loans were made to provide operating capital.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2003

During the year ended June 30, 2003, the General Fund made transfers of \$1,887,970 to non-major governmental funds. 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.

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2003 was as follows:

	Balance 7/1/02	Additions	Disposals	Balance 6/30/03
Governmental Activities				
Non-depreciable:				
Land	\$ 781,445	124,058	-	905,503
Depreciable:				
Land improvements	3,840,659	-	-	3,840,659
Buildings and improvements	18,906,923	245,549	(94,915)	19,057,557
Equipment and furniture	5,562,300	266,049	(103,414)	5,724,935
Vehicles	3,581,189	302,667	-	3,883,856
Subtotal	<u>31,891,071</u>	<u>814,265</u>	<u>(198,329)</u>	<u>32,507,007</u>
Totals at historical cost	<u>32,672,516</u>	<u>938,323</u>	<u>(198,329)</u>	<u>33,412,510</u>
Less accumulated depreciation:				
Land improvements	2,867,935	129,875	-	2,997,810
Buildings and improvements	15,603,471	249,382	(94,915)	15,757,938
Equipment and furniture	2,792,479	796,576	(82,731)	3,506,324
Vehicles	2,927,544	207,959	-	3,135,503
Total accumulated depreciation	<u>24,191,429</u>	<u>1,383,792</u>	<u>(177,646)</u>	<u>25,397,575</u>
Capital assets, net	<u>\$ 8,481,087</u>	<u>(445,469)</u>	<u>(20,683)</u>	<u>8,014,935</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 695,525
Special	9,583
Other	6,433
Support services:	
Pupil	3,135
Instructional staff	47,738
Board of Education	13,074
Administration	9,463
Fiscal	737
Operation and maintenance of plant	287,650
Pupil transportation	210,366
Central	77,939
Extracurricular activities	<u>22,149</u>
 Total depreciation expense	 \$ <u><u>1,383,792</u></u>

	Balance 7/1/02	Additions	Disposals	Balance 6/30/03
<i>Business-type Activities:</i>				
Furniture and equipment	\$ 554,052	57,017	-	611,069
Less accumulated depreciation	301,418	35,044	-	336,462
	<u>252,634</u>	<u>21,973</u>	<u>-</u>	<u>274,607</u>
Capital assets, net	\$ <u><u>252,634</u></u>	<u><u>21,973</u></u>	<u><u>-</u></u>	<u><u>274,607</u></u>

Depreciation expense of \$34,648 and \$396 was charged to the food services segment and early childhood segment, respectively.

8. 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.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2003

9. 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 9% 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, 2003, 2002, and 2001 were approximately \$1,842,000, \$1,768,000, and \$1,659,000 respectively; 50% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. The current portion of the contribution for fiscal year 2003 is recorded as a liability within the respective funds and full liability is recorded on the government-wide financial statements.

State Teachers Retirement System

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

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

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2003

Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code. A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 9.3% 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, 2003, 2002, and 2001 were approximately \$4,515,000, \$4,371,000 and \$4,223,000 respectively; 86% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. The unpaid contribution for fiscal year 2003 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.

10. 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, 2003, the board allocated employer contributions equal to 4.50% of covered payroll to the Health Care Reserve Fund. For the School District, this amount was approximately \$1,451,000 during fiscal year 2003. STRS pays health care benefits from the Health Care Reserve Fund.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2003

The balance in the fund was \$3.011 million at June 30, 2002. For the year ended June 30, 2002, net health care costs paid by STRS were \$354.7 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 8.54% 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 2003, 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, 2002 were \$182.9 million and the target level was \$242.2 million. At June 30, 2002, SERS' net assets available for payment of health care benefits was \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits, including the surcharge, was approximately \$1,124,000 during the 2003 fiscal year.

11. 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.

12. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2003

	Principal			Principal	Amounts
	Outstanding 7/1/02	Additions	Reductions	Outstanding 6/30/03	Due in One Year
Governmental					
Activities:					
General obligation bonds:					
Energy Conservation	\$ 700,264	-	(700,264)	-	-
Energy Conservation	79,963	-	(79,963)	-	-
Energy Conservation	448,548	-	(145,195)	303,353	153,999
Capital leases payable	1,351,519	145,951	(411,864)	1,085,606	377,533
Pension obligation payable	579,706	567,510	(579,706)	567,510	567,510
Compensated absences	1,239,934	486,635	-	1,726,569	201,099
Total	\$ 4,399,934	1,200,096	(1,916,992)	3,683,038	1,300,141
Business-type					
Activities:					
Compensated absences	\$ 23,536	4,262	-	27,798	-

Energy Conservation Bonds – The School District issued Energy Conservation bonds on July 12, 1996, October 30, 1997, and June 7, 2000 bearing interest at 5.72%, 5.40%, and 5.90%, respectively. The bonds issued in 1996 and 1997 matured during the current fiscal year and were paid in full. The 2000 bonds mature on May 7, 2005. These bonds are being paid from the Debt Service Fund.

Principal and interest requirements to retire the energy conservation bonds outstanding at June 30, 2003, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2004	\$ 153,999	13,778	167,777
2005	149,354	4,442	153,796
Total	\$ 303,353	18,220	321,573

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2003

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences and pension obligation 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 \$173,162,242 with an unvoted debt margin of \$1,924,025 at June 30, 2003.

13. CAPITALIZED LEASES

The School District is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled \$1,846,746 at June 30, 2003 with accumulated depreciation of \$1,026,042. 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, 2003:

Year Ending	
<u>June 30</u>	
2004	\$ 451,038
2005	402,028
2006	238,733
2007	125,375
2008	<u>9,148</u>
Minimum lease payments	1,226,322
Less: Amount representing interest	<u>140,716</u>
Present value of minimum lease payments	\$ <u>1,085,606</u>

14. JOINTLY GOVERNED ORGANIZATIONS

The Hamilton/Clermont Cooperative Association

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

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

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2003

elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for Great Oaks. To obtain financial information, write to Great Oaks at 3254 East Kemper Road, Cincinnati, Ohio 45241.

15. CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

Litigation

The School District is not currently party to any legal proceedings.

16. REQUIRED SET-ASIDES

The School District is required by State statute to annually set aside in the general fund an amount based on the statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. 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, 2002	\$	-	-	592,611
Current year set-aside requirement		853,537	853,537	-
Less qualifying disbursements		<u>(2,164,933)</u>	<u>(2,952,313)</u>	-
Total		<u>(1,311,396)</u>	<u>(2,098,776)</u>	<u>592,611</u>
Balance carried to FY2004		<u>(1,311,396)</u>	-	<u>592,611</u>
Cash balance as of June 30, 2003	\$	<u>-</u>	<u>-</u>	<u>592,611</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2003

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

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

17. SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding system is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

18. SUBSEQUENT EVENT

In May 2003, the taxpayers approved an \$85 million bond issue to fund the replacement or renovation of eight elementary school buildings. In October 2003, the District sold \$85 million in bonds with a final maturity of 2030.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual (Non-GAAP Budgetary Basis)

General Fund

Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	58,249,948	58,249,948	58,249,949	1
Tuition and fees	365,281	365,281	365,281	-
Interest	690,630	690,630	690,630	-
Intergovernmental	10,280,692	10,280,692	10,280,692	-
Other local revenues	160,714	160,714	160,714	-
Total revenues	<u>69,747,265</u>	<u>69,747,265</u>	<u>69,747,266</u>	<u>1</u>
Expenditures:				
Current:				
Instruction:				
Regular	28,788,071	27,906,487	27,906,487	-
Special education	6,189,005	6,377,471	6,377,471	-
Other instruction	1,015,303	1,015,657	1,015,657	-
Support services:				
Pupil	4,357,221	4,412,880	4,412,880	-
Instructional staff	4,776,172	4,900,589	4,900,589	-
Board of Education	365,823	339,470	339,470	-
Administration	5,093,175	5,088,045	5,088,045	-
Fiscal	1,774,335	1,726,616	1,726,616	-
Business	498,821	493,010	493,010	-
Operation and maintenance of plant	7,886,299	8,075,359	8,075,359	-
Pupil transportation	3,766,748	3,907,954	3,907,954	-
Central	1,092,352	1,174,515	1,174,515	-
Non-instructional services:				
Community services	115,094	123,872	123,872	-
Extracurricular activities	964,695	978,136	978,136	-
Capital outlay	233,224	266,799	266,799	-
Total expenditures	<u>66,916,338</u>	<u>66,786,860</u>	<u>66,786,860</u>	<u>-</u>
Excess of revenues over expenditures	<u>2,830,927</u>	<u>2,960,405</u>	<u>2,960,406</u>	<u>1</u>
Other financing sources (uses):				
Other sources	247,213	247,213	247,313	100
Transfers out	(1,899,793)	(1,899,793)	(1,899,339)	454
Advances in	319,415	319,415	319,415	-
Advances out	(540,882)	(529,350)	(540,882)	(11,532)
Other uses	(1,628)	(1,639)	(2,093)	(454)
Total other financing sources (uses):	<u>(1,875,675)</u>	<u>(1,864,154)</u>	<u>(1,875,586)</u>	<u>(11,432)</u>
Excess of revenues and other sources over expenditures and other (uses)	955,252	1,096,251	1,084,820	(11,431)
Fund balance, beginning of year	22,277,270	22,277,270	22,277,270	
Prior year encumbrances appropriated	337,654	337,654	337,654	
Fund balance, end of year	<u>23,570,176</u>	<u>23,711,175</u>	<u>23,699,744</u>	

See accompanying notes to required supplemental information.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Notes to Required Supplementary Information

Year Ended June 30, 2003

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	\$	(334,793)
Increase / (decrease):		
Due to revenues		1,194,382
Due to expenditures		600,828
Due to other sources (uses)		(133,567)
Due to encumbrances		<u>(242,030)</u>
Excess of revenues and other sources over (under) expenditures and other uses - Budget Basis	\$	<u><u>1,084,820</u></u>

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

PRESCHOOL GRANT: To account for federal funds to be used to improve and expand the services to handicapped children ages three through five.

CONTINUOUS IMPROVEMENT IMPLEMENTATION GRANT: To account for federal funds used to support a broad range of education improvement goals.

TITLE VI-R: To account for federal funds used to hire additional classroom teachers in Grades 1 through 3, so that the number of students per teacher will be reduced.

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

NONMAJOR DEBT SERVICE FUND

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

Since there is only one Debt Service Fund and the level of budgetary control is not greater than that presented in the General Purpose Financial Statements, no additional financial statements are presented here.

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

SCHOOL NET PLUS: To account for revenues and expenditures related to the development and implementation of the School Net network within the District.

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor <u>Debt Service</u> Debt Service Fund	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 1,721,318	-	2,673	1,723,991
Net receivables:				
Taxes	-	5,000,000	-	5,000,000
Accounts	12,289	-	-	12,289
Intergovernmental	351,398	-	-	351,398
Total assets	<u>2,085,005</u>	<u>5,000,000</u>	<u>2,673</u>	<u>7,087,678</u>
Liabilities:				
Accounts payable	605,621	-	113,544	719,165
Accrued wages and benefits	135,181	-	-	135,181
Intergovernmental payable	21,722	-	-	21,722
Deferred revenue	338,475	5,000,000	-	5,338,475
Interfund payable	540,882	-	-	540,882
Total liabilities	<u>1,641,881</u>	<u>5,000,000</u>	<u>113,544</u>	<u>6,755,425</u>
Fund Balances:				
Reserved for:				
Encumbrances	194,655	-	783,336	977,991
Unreserved, reported in:				
Special Revenue Funds	248,469	-	-	248,469
Capital Projects Funds	-	-	(894,207)	(894,207)
Total fund balances	<u>443,124</u>	<u>-</u>	<u>(110,871)</u>	<u>332,253</u>
Total liabilities and fund balances	\$ <u>2,085,005</u>	<u>5,000,000</u>	<u>2,673</u>	<u>7,087,678</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

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

Nonmajor Governmental Funds

Year Ended June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Interest	10,063	-	38	10,101
Other local revenues	208,581	-	-	208,581
Intergovernmental	3,269,787	-	102,848	3,372,635
Total revenues	<u>3,488,431</u>	<u>-</u>	<u>102,886</u>	<u>3,591,317</u>
Expenditures:				
Current:				
Instruction:				
Regular	581,969	-	100,931	682,900
Special	898,040	-	-	898,040
Support services:				
Pupil	431,790	-	-	431,790
Instructional staff	592,374	-	-	592,374
School administration	32,941	-	-	32,941
Fiscal	1,232	-	-	1,232
Business	2,849	-	-	2,849
Operations and maintenance	27,928	-	1,917	29,845
Pupil transportation	893	-	-	893
Central	143,686	-	-	143,686
Community services	1,092,878	-	-	1,092,878
Non-instructional services:				
Extracurricular activities	517,473	-	-	517,473
Capital outlay	-	-	259,764	259,764
Debt service:				
Principal	-	925,422	-	925,422
Interest and fiscal charges	-	50,509	-	50,509
Total expenditures	<u>4,324,053</u>	<u>975,931</u>	<u>362,612</u>	<u>5,662,596</u>
Excess of revenues over (under) expenditures	<u>(835,622)</u>	<u>(975,931)</u>	<u>(259,726)</u>	<u>(2,071,279)</u>
Other financing sources				
Operating transfers in	910,775	975,931	1,264	1,887,970
Total other financing sources	<u>910,775</u>	<u>975,931</u>	<u>1,264</u>	<u>1,887,970</u>
Net change in fund balances	75,153	-	(258,462)	(183,309)
Fund balance, beginning of year	367,971	-	147,591	515,562
Fund balance, end of year	<u>\$ 443,124</u>	<u>-</u>	<u>(110,871)</u>	<u>332,253</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2003

	<u>Public School Support</u>	<u>Other Grants</u>	<u>Venture Capital</u>	<u>Athletic</u>	<u>Auxiliary Service</u>	<u>Career Development</u>
Assets:						
Equity in pooled cash and investments	\$ 144,151	87,545	990	22,160	437,934	23,448
Net receivables:						
Accounts	6,429	-	-	1,036	-	-
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>150,580</u>	<u>87,545</u>	<u>990</u>	<u>23,196</u>	<u>437,934</u>	<u>23,448</u>
Liabilities:						
Accounts payable	8,866	-	-	8,095	299,367	-
Accrued wages and benefits	-	-	-	-	8,990	-
Intergovernmental payable	-	-	-	1,738	1,106	-
Deferred revenue	-	-	-	-	-	-
Interfund loans payable	<u>-</u>	<u>85,478</u>	<u>-</u>	<u>-</u>	<u>28,072</u>	<u>-</u>
Total liabilities	<u>8,866</u>	<u>85,478</u>	<u>-</u>	<u>9,833</u>	<u>337,535</u>	<u>-</u>
Fund Balances:						
Fund Balances						
Reserved for:						
Encumbrances	404	-	-	-	130,580	-
Unreserved-undesignated	<u>141,310</u>	<u>2,067</u>	<u>990</u>	<u>13,363</u>	<u>(30,181)</u>	<u>23,448</u>
Total fund balances	<u>141,714</u>	<u>2,067</u>	<u>990</u>	<u>13,363</u>	<u>100,399</u>	<u>23,448</u>
Total liabilities and fund balances \$	<u>150,580</u>	<u>87,545</u>	<u>990</u>	<u>23,196</u>	<u>437,934</u>	<u>23,448</u>

<u>Teacher Development</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>Vocational Education Enhancement</u>
-	71,171	14,000	-	53,195	1,221	29,780	8,784
-	-	-	-	-	-	322	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>71,171</u>	<u>14,000</u>	<u>-</u>	<u>53,195</u>	<u>1,221</u>	<u>30,102</u>	<u>8,784</u>
-	-	-	25,590	-	775	4,483	336
-	-	-	-	-	-	-	-
70	-	-	-	-	28	421	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>70</u>	<u>-</u>	<u>-</u>	<u>25,590</u>	<u>-</u>	<u>803</u>	<u>4,904</u>	<u>336</u>
-	-	-	-	425	-	-	-
(70)	71,171	14,000	(25,590)	52,770	418	25,198	8,448
(70)	71,171	14,000	(25,590)	53,195	418	25,198	8,448
<u>-</u>	<u>71,171</u>	<u>14,000</u>	<u>-</u>	<u>53,195</u>	<u>1,221</u>	<u>30,102</u>	<u>8,784</u>

(Continued)

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2003
 (Continued)

	Alternative Schools	Miscellaneous State Grants	Title II	Title VI-B	Vocational Education	Title III
Assets:						
Equity in pooled cash and investments	\$ 50,639	144,578	-	150,073	11,262	5,508
Net receivables:						
Accounts	-	-	-	2,507	85	-
Intergovernmental	-	-	-	132,735	-	15,612
Total assets	<u>50,639</u>	<u>144,578</u>	<u>-</u>	<u>285,315</u>	<u>11,347</u>	<u>21,120</u>
Liabilities:						
Accounts payable	12,366	-	-	84,327	3,225	4,176
Accrued wages and benefits	-	-	-	33,613	-	-
Intergovernmental payable	90	-	65	6,218	-	-
Deferred revenue	-	-	-	132,735	-	15,612
Interfund loans payable	-	-	-	114,407	-	-
Total liabilities	<u>12,456</u>	<u>-</u>	<u>65</u>	<u>371,300</u>	<u>3,225</u>	<u>19,788</u>
Fund Balances:						
Fund Balances						
Reserved for:						
Encumbrances	-	-	-	17,279	1,515	1,515
Unreserved-undesignated	38,183	144,578	(65)	(103,264)	6,607	(183)
Total fund balances	<u>38,183</u>	<u>144,578</u>	<u>(65)</u>	<u>(85,985)</u>	<u>8,122</u>	<u>1,332</u>
Total liabilities and fund balances \$	<u>50,639</u>	<u>144,578</u>	<u>-</u>	<u>285,315</u>	<u>11,347</u>	<u>21,120</u>

<u>Title I</u>	<u>Title VI</u>	<u>Title IV</u>	<u>Preschool Grant</u>	<u>Continuous Improvement Implementation Grant</u>	<u>Title VI-R</u>	<u>Miscellaneous Federal Grants</u>	<u>TOTAL</u>
106,517	152,416	4,159	4,268	-	42,700	154,819	1,721,318
-	-	-	-	-	850	1,060	12,289
<u>41,772</u>	<u>31,022</u>	<u>9,975</u>	<u>-</u>	<u>-</u>	<u>120,282</u>	<u>-</u>	<u>351,398</u>
<u>148,289</u>	<u>183,438</u>	<u>14,134</u>	<u>4,268</u>	<u>-</u>	<u>163,832</u>	<u>155,879</u>	<u>2,085,005</u>
30,158	107,158	2,557	509	-	4,891	8,742	605,621
68,891	-	-	-	-	-	23,687	135,181
7,686	106	149	-	-	400	3,645	21,722
41,772	18,099	9,975	-	-	120,282	-	338,475
4,010	156,054	-	2,080	-	-	150,781	540,882
<u>152,517</u>	<u>281,417</u>	<u>12,681</u>	<u>2,589</u>	<u>-</u>	<u>125,573</u>	<u>186,855</u>	<u>1,641,881</u>
34,146	8,771	-	-	-	-	20	194,655
<u>(38,374)</u>	<u>(106,750)</u>	<u>1,453</u>	<u>1,679</u>	<u>-</u>	<u>38,259</u>	<u>(30,996)</u>	<u>248,469</u>
<u>(4,228)</u>	<u>(97,979)</u>	<u>1,453</u>	<u>1,679</u>	<u>-</u>	<u>38,259</u>	<u>(30,976)</u>	<u>443,124</u>
<u>148,289</u>	<u>183,438</u>	<u>14,134</u>	<u>4,268</u>	<u>-</u>	<u>163,832</u>	<u>155,879</u>	<u>2,085,005</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, 2003

	Public School Support	Other Grants	Venture Capital	Athletic	Auxiliary Service	Career Development
Revenues:						
Earnings on investments	\$ -	-	-	-	10,063	-
Other local revenues	70,894	-	-	137,687	-	-
Intergovernmental	-	-	-	-	968,828	-
Total revenues	<u>70,894</u>	<u>-</u>	<u>-</u>	<u>137,687</u>	<u>978,891</u>	<u>-</u>
Expenditures:						
Current:						
Instruction:						
Regular	41,881	-	-	-	-	-
Special	-	-	-	-	-	-
Support services:						
Pupil	705	-	-	-	-	-
Instructional staff	-	10,039	-	-	-	-
School administration	28,683	-	-	-	-	-
Fiscal	1,232	-	-	-	-	-
Business	2,399	-	-	-	-	-
Operations and maintenance	6,115	21,538	-	-	-	-
Pupil transportation	893	-	-	-	-	-
Central	1,857	30,000	-	-	-	-
Non-instructional services:						
Community services	-	-	-	-	988,734	-
Extracurricular activities	24,127	-	-	493,346	-	-
Total expenditures	<u>107,892</u>	<u>61,577</u>	<u>-</u>	<u>493,346</u>	<u>988,734</u>	<u>-</u>
Excess of revenues over (under) expenditures	(36,998)	(61,577)	-	(355,659)	(9,843)	-
Other financing sources						
Operating transfers in	-	323,204	-	414,610	-	-
Total other financing sources	<u>-</u>	<u>323,204</u>	<u>-</u>	<u>414,610</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(36,998)	261,627	-	58,951	(9,843)	-
Fund balance, beginning of year	178,712	(259,560)	990	(45,588)	110,242	23,448
Fund balance, end of year	\$ <u>141,714</u>	<u>2,067</u>	<u>990</u>	<u>13,363</u>	<u>100,399</u>	<u>23,448</u>

<u>Teacher Development</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>Vocational Education Enhancement</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	22,646	14,000	279,496	38,500	4,600	55,322	10,680
-	22,646	14,000	279,496	38,500	4,600	55,322	10,680
-	-	-	305,086	-	1,136	28,005	1,155
-	-	-	-	-	-	15,219	-
-	-	-	-	-	-	-	-
4,173	-	-	-	27,055	6,294	5,155	2,982
-	-	-	-	-	-	37	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	450	-
-	-	-	-	-	-	275	-
-	-	-	-	-	-	-	-
-	-	-	-	-	96	16,213	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,173	-	-	305,086	27,055	7,526	65,354	4,137
(4,173)	22,646	14,000	(25,590)	11,445	(2,926)	(10,032)	6,543
4,188	-	-	-	-	-	-	-
4,188	-	-	-	-	-	-	-
15	22,646	14,000	(25,590)	11,445	(2,926)	(10,032)	6,543
(85)	48,525	-	-	41,750	3,344	35,230	1,905
(70)	71,171	14,000	(25,590)	53,195	418	25,198	8,448

(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, 2003
(Continued)

	Alternative Schools	Miscellaneous State Grants	Title II	Title VI-B	Vocational Education	Title III
Revenues:						
Earnings on investments	\$ -	-	-	-	-	-
Other local revenues	-	-	-	-	-	-
Intergovernmental	79,565	5,332	-	593,370	7,883	8,226
Total revenues	<u>79,565</u>	<u>5,332</u>	<u>-</u>	<u>593,370</u>	<u>7,883</u>	<u>8,226</u>
Expenditures:						
Current:						
Instruction:						
Regular	43,463	10,365	-	-	2,300	-
Special	-	-	-	112,391	-	5,702
Support services:						
Pupil	-	-	-	391,290	-	-
Instructional staff	12,058	358	7,219	149,377	4,856	1,192
School administration	-	-	-	-	-	-
Fiscal	-	-	-	-	-	-
Business	-	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-
Central	-	5,919	-	-	-	-
Non-instructional services:						
Community services	-	-	-	96,703	-	-
Extracurricular activities	-	-	-	-	-	-
Total expenditures	<u>55,521</u>	<u>16,642</u>	<u>7,219</u>	<u>749,761</u>	<u>7,156</u>	<u>6,894</u>
Excess of revenues over (under) expenditures	24,044	(11,310)	(7,219)	(156,391)	727	1,332
Other financing sources						
Operating transfers in	-	-	2,383	51,929	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,383</u>	<u>51,929</u>	<u>-</u>	<u>-</u>
Net change in fund balances	24,044	(11,310)	(4,836)	(104,462)	727	1,332
Fund balance, beginning of year	14,139	155,888	4,771	18,477	7,395	-
Fund balance, end of year	\$ <u>38,183</u>	<u>144,578</u>	<u>(65)</u>	<u>(85,985)</u>	<u>8,122</u>	<u>1,332</u>

<u>Title I</u>	<u>Title VI</u>	<u>Title IV</u>	<u>Preschool Grant</u>	<u>Continuous Improvement Grant</u>	<u>Title VI-R</u>	<u>Miscellaneous Federal Grants</u>	<u>TOTAL</u>
-	-	-	-	-	-	-	10,063
-	-	-	-	-	-	-	208,581
<u>566,779</u>	<u>33,864</u>	<u>19,894</u>	<u>19,626</u>	<u>-</u>	<u>93,516</u>	<u>447,660</u>	<u>3,269,787</u>
<u>566,779</u>	<u>33,864</u>	<u>19,894</u>	<u>19,626</u>	<u>-</u>	<u>93,516</u>	<u>447,660</u>	<u>3,488,431</u>
6,779	-	8,745	-	-	1,885	131,169	581,969
555,107	-	-	22,162	-	-	187,459	898,040
-	-	-	-	-	-	39,795	431,790
15,101	129,235	17,683	-	9,226	48,114	142,257	592,374
4,221	-	-	-	-	-	-	32,941
-	-	-	-	-	-	-	1,232
-	-	-	-	-	-	-	2,849
-	-	-	-	-	-	-	27,928
-	-	-	-	-	-	-	893
-	-	-	-	15,377	16,716	57,508	143,686
-	4,886	2,555	-	-	-	-	1,092,878
-	-	-	-	-	-	-	517,473
<u>581,208</u>	<u>134,121</u>	<u>28,983</u>	<u>22,162</u>	<u>24,603</u>	<u>66,715</u>	<u>558,188</u>	<u>4,324,053</u>
(14,429)	(100,257)	(9,089)	(2,536)	(24,603)	26,801	(110,528)	(835,622)
<u>6,339</u>	<u>104</u>	<u>141</u>	<u>-</u>	<u>51,825</u>	<u>-</u>	<u>56,052</u>	<u>910,775</u>
<u>6,339</u>	<u>104</u>	<u>141</u>	<u>-</u>	<u>51,825</u>	<u>-</u>	<u>56,052</u>	<u>910,775</u>
(8,090)	(100,153)	(8,948)	(2,536)	27,222	26,801	(54,476)	75,153
<u>3,862</u>	<u>2,174</u>	<u>10,401</u>	<u>4,215</u>	<u>(27,222)</u>	<u>11,458</u>	<u>23,500</u>	<u>367,971</u>
<u>(4,228)</u>	<u>(97,979)</u>	<u>1,453</u>	<u>1,679</u>	<u>-</u>	<u>38,259</u>	<u>(30,976)</u>	<u>443,124</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2003

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet Plus</u>	<u>TOTAL</u>
Assets:				
Equity in pooled cash and investments	\$ <u>2,673</u>	<u>-</u>	<u>-</u>	<u>2,673</u>
Total assets	<u>2,673</u>	<u>-</u>	<u>-</u>	<u>2,673</u>
Liabilities:				
Accounts payable	<u>-</u>	<u>113,544</u>	<u>-</u>	<u>113,544</u>
Total liabilities	<u>-</u>	<u>113,544</u>	<u>-</u>	<u>113,544</u>
Fund Balances:				
Fund Balances				
Reserved for:				
Encumbrances	<u>-</u>	<u>783,336</u>	<u>-</u>	<u>783,336</u>
Unreserved-undesignated	<u>2,673</u>	<u>(896,880)</u>	<u>-</u>	<u>(894,207)</u>
Total fund balances	<u>2,673</u>	<u>(113,544)</u>	<u>-</u>	<u>(110,871)</u>
Total liabilities and fund balances \$	<u>2,673</u>	<u>-</u>	<u>-</u>	<u>2,673</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, 2003

	<u>Permanent Improvement</u>	<u>Building</u>	<u>School Net Plus</u>	<u>TOTAL</u>
Revenues:				
Earnings on investments	\$ 38	-	-	38
Intergovernmental	-	-	102,848	102,848
Total revenues	<u>38</u>	<u>-</u>	<u>102,848</u>	<u>102,886</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	100,931	100,931
Support services:				
Operations and maintenance	-	-	1,917	1,917
Capital outlay	-	259,764	-	259,764
Total expenditures	<u>-</u>	<u>259,764</u>	<u>102,848</u>	<u>362,612</u>
Excess of revenues over (under) expenditures	38	(259,764)	-	(259,726)
Other financing sources				
Operating transfers in	-	1,264	-	1,264
Total other financing sources	<u>-</u>	<u>1,264</u>	<u>-</u>	<u>1,264</u>
Net change in fund balances	38	(258,500)	-	(258,462)
Fund balance, beginning of year	<u>2,635</u>	<u>144,956</u>	<u>-</u>	<u>147,591</u>
Fund balance, end of year	\$ <u>2,673</u>	<u>(113,544)</u>	<u>-</u>	<u>(110,871)</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Statement of Net Assets

Nonmajor Enterprise Funds

June 30, 2003

	Food Service	Early Childhood Programs	Uniform School Supply	<i>TOTAL</i>
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 309,584	355,415	102,419	767,418
Receivables:				
Accounts	21,329	39,190	357	60,876
Intergovernmental	225,243	-	-	225,243
Materials and supplies inventory	46,513	-	-	46,513
Total current assets	<u>602,669</u>	<u>394,605</u>	<u>102,776</u>	<u>1,100,050</u>
Noncurrent assets:				
Capital assets, net	274,013	594	-	274,607
Total assets	<u>876,682</u>	<u>395,199</u>	<u>102,776</u>	<u>1,374,657</u>
Liabilities:				
Current liabilities:				
Accounts payable	28,314	9,370	-	37,684
Accrued wages and benefits	82,918	84,371	-	167,289
Intergovernmental payable	57,028	24,254	-	81,282
Total current liabilities	<u>168,260</u>	<u>117,995</u>	<u>-</u>	<u>286,255</u>
Noncurrent liabilities:				
Compensated absences payable	24,800	2,998	-	27,798
Total liabilities	<u>193,060</u>	<u>120,993</u>	<u>-</u>	<u>314,053</u>
Net assets:				
Invested in capital assets, net of related debt	274,013	594	-	274,607
Unrestricted	409,609	273,612	102,776	785,997
Total net assets	<u>\$ 683,622</u>	<u>274,206</u>	<u>102,776</u>	<u>1,060,604</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenses and

Changes in Fund Net Assets

Nonmajor Enterprise Funds

Year Ended June 30, 2003

	Food Service	Early Childhood Programs	Uniform School Supplies	TOTAL
Operating revenues:				
Charges for services	\$ 1,122,096	1,075,378	37,707	2,235,181
Total operating revenues	<u>1,122,096</u>	<u>1,075,378</u>	<u>37,707</u>	<u>2,235,181</u>
Operating expenses:				
Salaries and wages	807,303	762,451	-	1,569,754
Fringe benefits	366,748	178,409	-	545,157
Contractual services	35,218	4,994	-	40,212
Materials and supplies	1,141,860	70,517	26,209	1,238,586
Depreciation	34,648	396	-	35,044
Other operating expenses	3,505	688	-	4,193
Total operating expenses	<u>2,389,282</u>	<u>1,017,455</u>	<u>26,209</u>	<u>3,432,946</u>
Operating income (loss)	(1,267,186)	57,923	11,498	(1,197,765)
Nonoperating revenues:				
Interest income	5,592	-	-	5,592
Grants	1,247,728	-	-	1,247,728
Grants - donated commodities	97,286	-	-	97,286
Total nonoperating revenues	<u>1,350,606</u>	<u>-</u>	<u>-</u>	<u>1,350,606</u>
Net income	83,420	57,923	11,498	152,841
Net assets, beginning of year	600,202	216,283	91,278	907,763
Net assets, end of year	\$ <u>683,622</u>	<u>274,206</u>	<u>102,776</u>	<u>1,060,604</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Year Ended June 30, 2003

	Food Service	Early Childhood Program	Uniform School Supply	<i>TOTAL</i>
Cash flows from operating activities:				
Cash received from customers	\$ 1,100,789	1,049,161	37,360	2,187,310
Cash payments for personal services	(1,167,378)	(949,762)	-	(2,117,140)
Cash payments for contract services	(35,136)	(4,796)	-	(39,932)
Cash payments for supplies and materials	(1,044,190)	(73,879)	(26,209)	(1,144,278)
Cash payments for other expenses	(6,718)	(956)	-	(7,674)
Net cash provided (used) by operating activities	<u>(1,152,633)</u>	<u>19,768</u>	<u>11,151</u>	<u>(1,121,714)</u>
Cash flows from noncapital financing activities:				
Cash received from operating grants	<u>1,155,870</u>	-	-	<u>1,155,870</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>(57,017)</u>	-	-	<u>(57,017)</u>
Cash flows from investing activities:				
Interest received	<u>5,592</u>	-	-	<u>5,592</u>
Net increase (decrease) in cash	(48,188)	19,768	11,151	(17,269)
Cash, beginning of year	<u>357,772</u>	<u>335,647</u>	<u>91,268</u>	<u>784,687</u>
Cash, end of year	<u><u>309,584</u></u>	<u><u>355,415</u></u>	<u><u>102,419</u></u>	<u><u>767,418</u></u>
Reconciliation of operating income (loss)				
to net cash provided (used) by operating activities:				
Operating income (loss)	(1,267,186)	57,923	11,498	(1,197,765)
Adjustments to reconcile operating income (loss)				
to net cash provided (used) by operating activities:				
Depreciation	34,648	396	-	35,044
Donated commodities used	97,286	-	-	97,286
Changes in assets and liabilities:				
Accounts receivable	(21,307)	(26,217)	(347)	(47,871)
Materials and supplies inventory	19,367	-	-	19,367
Accounts payable	16,555	(3,432)	-	13,123
Accrued wages and benefits	(51,619)	(36,154)	-	(87,773)
Intergovernmental payable	57,028	24,254	-	81,282
Deferred revenue	(38,669)	-	-	(38,669)
Compensated absences payable	<u>1,264</u>	<u>2,998</u>	-	<u>4,262</u>
Net cash provided (used) by operating activities	\$ <u>(1,152,633)</u>	<u>19,768</u>	<u>11,151</u>	<u>(1,121,714)</u>

Princeton City School District, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2003

Student Activities Fund

	Beginning Balance	Additions	Deletions	Ending Balance
Assets:				
Equity in pooled cash and cash equivalents	\$ 29,756	\$ 9,779	\$ 29,756	\$ 9,779
Accounts receivable	533	-	533	-
Total assets	<u>30,289</u>	<u>9,779</u>	<u>30,289</u>	<u>9,779</u>
Liabilities:				
Accounts payable	4,078		4,078	-
Due to students	26,211	9,779	26,211	9,779
Total liabilities	<u>\$ 30,289</u>	<u>\$ 9,779</u>	<u>\$ 30,289</u>	<u>\$ 9,779</u>

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

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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, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 58,249,948	\$ 58,249,948	\$ 58,249,949	\$ 1
Tuition	365,281	365,281	365,281	-
Earnings on investments	690,630	690,630	690,630	-
Other revenues	160,714	160,714	160,714	-
Intergovernmental - State	10,165,898	10,165,898	10,165,898	-
Intergovernmental - Federal	114,794	114,794	114,794	-
Total revenues	69,747,265	69,747,265	69,747,266	1
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and wages	20,914,046	20,508,942	20,508,942	-
Fringe benefits	5,190,638	5,198,391	5,198,391	-
Purchased services	819,594	428,994	428,994	-
Materials and supplies	1,499,251	1,397,534	1,397,534	-
Capital outlay - new	26,798	36,715	36,715	-
Capital outlay - replacement	312,640	309,890	309,890	-
Other expenditures	25,104	26,021	26,021	-
Total regular instruction	28,788,071	27,906,487	27,906,487	-
Special:				
Salaries and wages	4,289,153	4,290,224	4,290,224	-
Fringe benefits	1,099,788	1,099,788	1,099,788	-
Purchased services	749,133	936,881	936,881	-
Materials and supplies	40,655	40,142	40,142	-
Capital outlay - new	7,268	7,268	7,268	-
Capital outlay - replacement	2,243	2,243	2,243	-
Other expenditures	765	925	925	-
Total special instruction	6,189,005	6,377,471	6,377,471	-
Vocational:				
Salaries and wages	371,312	371,312	371,312	-
Fringe benefits	100,361	100,361	100,361	-
Purchased services	441	645	645	-
Total vocational instruction	472,114	472,318	472,318	-
Other:				
Salaries and wages	66,025	66,025	66,025	-
Fringe benefits	10,462	10,462	10,462	-
Purchased services	465,468	465,618	465,618	-
Materials and supplies	1,234	1,234	1,234	-
Total other instruction	543,189	543,339	543,339	-

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, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Support services:				
Pupil:				
Salaries and wages	3,132,885	3,133,373	3,133,373	-
Fringe benefits	868,013	868,013	868,013	-
Purchased services	231,515	262,192	262,192	-
Materials and supplies	123,853	148,375	148,375	-
Other expenditures	955	927	927	-
Total pupil	4,357,221	4,412,880	4,412,880	-
Instructional staff:				
Salaries and wages	3,010,292	3,008,678	3,008,678	-
Fringe benefits	966,825	971,526	971,526	-
Purchased services	523,094	537,479	537,479	-
Materials and supplies	134,963	237,180	237,180	-
Capital outlay - new	12,378	11,817	11,817	-
Capital outlay - replacement	115,517	119,773	119,773	-
Other expenditures	13,103	14,136	14,136	-
Total instructional staff	4,776,172	4,900,589	4,900,589	-
Board of Education:				
Salaries and wages	6,000	6,000	6,000	-
Fringe benefits	459	459	459	-
Purchased services	82,165	97,765	97,765	-
Materials and supplies	969	648	648	-
Capital outlay - new	-	600	600	-
Other expenditures	276,230	233,998	233,998	-
Total board of education	365,823	339,470	339,470	-
School administration:				
Salaries and wages	3,766,238	3,766,693	3,766,693	-
Fringe benefits	990,397	992,338	992,338	-
Purchased services	240,724	219,802	219,802	-
Materials and supplies	44,650	58,227	58,227	-
Capital outlay - new	5,633	4,682	4,682	-
Capital outlay - replacement	36,144	33,778	33,778	-
Other expenditures	9,389	12,525	12,525	-
Total school administration	5,093,175	5,088,045	5,088,045	-
Fiscal:				
Salaries and wages	456,358	456,358	456,358	-
Fringe benefits	115,843	115,843	115,843	-
Purchased services	180,905	169,351	169,351	-
Materials and supplies	15,603	26,336	26,336	-
Capital outlay - new	16,561	3,523	3,523	-
Capital outlay - replacement	7,621	1,471	1,471	-
Other expenditures	981,444	953,734	953,734	-
Total fiscal	1,774,335	1,726,616	1,726,616	-

Continued

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund (Continued)
For Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Business:				
Salaries and wages	337,192	335,729	335,729	-
Fringe benefits	86,681	86,681	86,681	-
Purchased services	52,313	43,452	43,452	-
Materials and supplies	8,527	12,998	12,998	-
Capital outlay - new	585	585	585	-
Capital outlay - replacement	12,967	12,967	12,967	-
Other expenditures	556	598	598	-
Total business	498,821	493,010	493,010	-
Operations and maintenance:				
Salaries and wages	3,256,489	3,252,696	3,252,696	-
Fringe benefits	928,400	927,472	927,472	-
Purchased services	2,679,349	2,800,830	2,800,830	-
Materials and supplies	595,735	640,126	640,126	-
Capital outlay - new	103,136	73,394	73,394	-
Capital outlay - replacement	320,790	377,041	377,041	-
Other expenditures	2,400	3,800	3,800	-
Total operations and maintenance	7,886,299	8,075,359	8,075,359	-
Pupil transportation:				
Salaries and wages	2,157,415	2,157,415	2,157,415	-
Fringe benefits	743,648	743,660	743,660	-
Purchased services	240,886	236,631	236,631	-
Materials and supplies	616,783	460,914	460,914	-
Capital outlay - new	7,254	308,599	308,599	-
Other expenditures	762	735	735	-
Total pupil transportation	3,766,748	3,907,954	3,907,954	-
Central:				
Salaries and wages	569,205	569,205	569,205	-
Fringe benefits	183,779	183,993	183,993	-
Purchased services	236,942	284,155	284,155	-
Materials and supplies	88,329	122,279	122,279	-
Capital outlay - new	3,642	4,018	4,018	-
Capital outlay - replacement	5,636	7,020	7,020	-
Other expenditures	4,819	3,845	3,845	-
Total central	1,092,352	1,174,515	1,174,515	-
Community services:				
Salaries and wages	93,517	93,517	93,517	-
Fringe benefits	17,119	17,119	17,119	-
Purchased services	2,436	2,244	2,244	-
Materials and supplies	1,722	10,617	10,617	-
Other expenditures	300	375	375	-
Total community services	115,094	123,872	123,872	-

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, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Extracurricular activities:				
Academic and subject oriented activities:				
Salaries and wages	37,313	37,313	37,313	-
Fringe benefits	7,376	7,376	7,376	-
Purchased services	2,140	2,140	2,140	-
Materials and supplies	576	576	576	-
Other expenditures	1,503	17,834	17,834	-
Total academic and subject oriented activities	48,908	65,239	65,239	-
Sports oriented activities:				
Salaries and wages	734,389	734,389	734,389	-
Fringe benefits	133,702	133,702	133,702	-
Purchased services	4,351	4,277	4,277	-
Materials and supplies	1,168	1,168	1,168	-
Capital outlay - replacement	4,330	-	-	-
Other expenditures	23,777	25,291	25,291	-
Total sports oriented activities	901,717	898,827	898,827	-
School and public service:				
Salaries and wages	10,855	10,855	10,855	-
Fringe benefits	1,879	1,879	1,879	-
Other expenditures	1,336	1,336	1,336	-
Total school and public service	14,070	14,070	14,070	-
Total extracurricular activities	964,695	978,136	978,136	-
Capital outlay:				
Site acquisition services:				
Purchased services	3,600	3,600	3,600	-
Total site acquisition services	3,600	3,600	3,600	-
Site improvement services:				
Purchased services	13,342	41,175	41,175	-
Total site improvement services	13,342	41,175	41,175	-
Architecture and engineering services:				
Purchased services	18,758	24,500	24,500	-
Total architecture and engineering services	18,758	24,500	24,500	-
Educational specifications development services:				
Purchased services	187,655	187,655	187,655	-
Total educational specifications development services	187,655	187,655	187,655	-

Continued

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund (Concluded)
For Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Building improvement services:				
Capital outlay - new	7,869	7,869	7,869	-
Total building improvement services	7,869	7,869	7,869	-
Other facilities acquisition and construction services:				
Purchased services	2,000	2,000	2,000	-
Total other facilities acquisition and construction services	2,000	2,000	2,000	-
Total capital outlay	233,224	266,799	266,799	-
Total expenditures	66,916,338	66,786,860	66,786,860	-
Excess (deficiency) of revenues over (under) expenditures	2,830,927	2,960,405	2,960,406	1
Other financing sources (uses):				
Operating transfers (out)	(1,899,793)	(1,899,793)	(1,899,339)	454
Advances in	319,415	319,415	319,415	-
Advances (out)	(540,882)	(529,350)	(540,882)	(11,532)
Proceeds of sale of fixed assets	-	-	100	100
Refund of prior year expenditures	247,213	247,213	247,213	-
Refund of prior year receipts	(1,628)	(1,639)	(1,639)	-
Other miscellaneous uses of funds	-	-	(454)	(454)
Total other financing sources (uses)	(1,875,675)	(1,864,154)	(1,875,586)	(11,432)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	955,252	1,096,251	1,084,820	(11,431)
Fund balance, July 1	22,277,270	22,277,270	22,277,270	-
Prior year encumbrances appropriated	337,654	337,654	337,654	-
Fund balance, June 30	\$ 23,570,176	\$ 23,711,175	\$ 23,699,744	\$ (11,431)

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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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local revenues	\$ 67,509	\$ 67,509	\$ -
Total revenues	<u>67,509</u>	<u>67,509</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased services	1,948	1,948	-
Materials and supplies	16,795	16,795	-
Capital outlay - new	550	550	-
Other expenditures	20,992	20,992	-
Total regular instruction	<u>40,285</u>	<u>40,285</u>	<u>-</u>
Support services:			
Pupil:			
Materials and supplies	705	705	-
Total pupil	<u>705</u>	<u>705</u>	<u>-</u>
School administration:			
Materials and supplies	10,817	10,817	-
Other expenditures	20,539	20,503	36
Total school administration	<u>31,356</u>	<u>31,320</u>	<u>36</u>
Fiscal:			
Materials and supplies	1,617	1,337	280
Total fiscal	<u>1,617</u>	<u>1,337</u>	<u>280</u>
Business:			
Materials and supplies	2,399	2,399	-
Total business	<u>2,399</u>	<u>2,399</u>	<u>-</u>
Operations and maintenance:			
Other expenditures	7,285	7,285	-
Total operations and maintenance	<u>7,285</u>	<u>7,285</u>	<u>-</u>

Continued

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 (Concluded)
For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Pupil transportation:			
Materials and supplies	893	893	-
Total pupil transportation	<u>893</u>	<u>893</u>	<u>-</u>
Central:			
Materials and supplies	1,857	1,857	-
Total central	<u>1,857</u>	<u>1,857</u>	<u>-</u>
Extracurricular activities:			
Academic and subject oriented activities:			
Materials and supplies	10,657	10,657	-
Other expenditures	83	83	-
Total academic and subject oriented activities	<u>10,740</u>	<u>10,740</u>	<u>-</u>
School and public service:			
Materials and supplies	290	290	-
Other expenditures	15,006	15,006	-
Total school and public service	<u>15,296</u>	<u>15,296</u>	<u>-</u>
Total extracurricular activities	<u>26,036</u>	<u>26,036</u>	<u>-</u>
Total expenditures	<u>112,433</u>	<u>112,117</u>	<u>316</u>
Excess of revenues over (under) expenditures	(44,924)	(44,608)	316
Other financing sources (uses):			
Refund of prior year expenditures	103	103	-
Total other financing sources (uses)	<u>103</u>	<u>103</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(44,821)	(44,505)	316
Fund balance, July 1	175,580	175,580	-
Prior year encumbrances appropriated	<u>5,958</u>	<u>5,958</u>	<u>-</u>
Fund balance, June 30	<u>\$ 136,717</u>	<u>\$ 137,033</u>	<u>\$ 316</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Support services:			
Instructional staff:			
Purchased services	10,500	10,318	182
Total instructional staff	<u>10,500</u>	<u>10,318</u>	<u>182</u>
Operations and maintenance:			
Purchased services	29,186	29,186	-
Materials and supplies	4,500	4,500	-
Total operations and maintenance	<u>33,686</u>	<u>33,686</u>	<u>-</u>
Total expenditures	<u>44,186</u>	<u>44,004</u>	<u>182</u>
Excess of revenues over (under) expenditures	(44,186)	(44,004)	182
Other financing sources (uses):			
Transfers in	323,204	323,204	-
Advances in	85,478	85,478	-
Advances (out)	(87,543)	(87,543)	-
Refund of prior year receipts	(30,000)	(30,000)	-
Total other financing sources (uses)	<u>291,139</u>	<u>291,139</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	246,953	247,135	182
Fund balance, July 1	(192,160)	(192,160)	-
Prior year encumbrances appropriated	<u>32,569</u>	<u>32,569</u>	<u>-</u>
Fund balance, June 30	<u>\$ 87,362</u>	<u>\$ 87,544</u>	<u>\$ 182</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Venture Capital Special Revenue Fund
 For Year Ended June 30, 2003

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

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Athletic Special Revenue Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other local revenues	\$ 7,285	\$ 7,286	\$ 1
Extracurricular revenue	131,327	131,327	-
Total revenues	<u>138,612</u>	<u>138,613</u>	<u>1</u>
Expenditures:			
Current:			
Extracurricular activities:			
Academic and subject oriented activities:			
Purchased services	243	243	-
Materials and supplies	5,080	5,080	-
Other expenditures	51,233	51,233	-
Total academic and subject oriented activities	<u>56,556</u>	<u>56,556</u>	<u>-</u>
Sports oriented activities:			
Salaries and wages	74,819	74,819	-
Fringe benefits	11,468	11,468	-
Purchased services	34,132	34,132	-
Materials and supplies	215,953	215,953	-
Other expenditures	104,274	103,579	695
Total sports oriented activities	<u>440,646</u>	<u>439,951</u>	<u>695</u>
Total extracurricular activities	<u>497,202</u>	<u>496,507</u>	<u>695</u>
Total expenditures	<u>497,202</u>	<u>496,507</u>	<u>695</u>
Excess of revenues over (under) expenditures	(358,590)	(357,894)	696
Other financing sources (uses):			
Transfers in	414,610	414,610	-
Refund of prior year expenditures	1,812	1,812	-
Total other financing sources (uses)	<u>416,422</u>	<u>416,422</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	57,832	58,528	696
Fund balance, July 1	(40,799)	(40,799)	-
Prior year encumbrances appropriated	2,189	2,189	-
Fund balance, June 30	<u>\$ 19,222</u>	<u>\$ 19,918</u>	<u>\$ 696</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Earnings on investments	\$ 10,061	\$ 10,062	\$ 1
Intergovernmental - State	968,828	968,828	-
Total revenues	<u>978,889</u>	<u>978,890</u>	<u>1</u>
Expenditures:			
Current:			
Community services:			
Salaries and wages	51,895	51,895	-
Fringe benefits	17,674	17,674	-
Purchased services	426,451	426,451	-
Materials and supplies	823,573	796,372	27,201
Capital outlay - new	134,761	134,761	-
Other expenditures	1,001	1,001	-
Total community services	<u>1,455,355</u>	<u>1,428,154</u>	<u>27,201</u>
Total expenditures	<u>1,455,355</u>	<u>1,428,154</u>	<u>27,201</u>
Excess of revenues over (under) expenditures	(476,466)	(449,264)	27,202
Other financing sources (uses):			
Advances in	28,072	28,072	-
Refund of prior year expenditures	5	5	-
Total other financing sources (uses)	<u>28,077</u>	<u>28,077</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(448,389)	(421,187)	27,202
Fund balance, July 1	240,881	240,881	-
Prior year encumbrances appropriated	<u>209,193</u>	<u>209,193</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,685</u>	<u>\$ 28,887</u>	<u>\$ 27,202</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, 2003

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

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Teacher Development Special Revenue Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	3,660	3,660	-
Fringe benefits	528	528	-
Total instructional staff	<u>4,188</u>	<u>4,188</u>	<u>-</u>
Total expenditures	<u>4,188</u>	<u>4,188</u>	<u>-</u>
Excess of revenues over (under) expenditures	(4,188)	(4,188)	-
Other financing sources (uses):			
Transfers in	<u>4,188</u>	<u>4,188</u>	<u>-</u>
Total other financing sources (uses)	<u>4,188</u>	<u>4,188</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 22,646	\$ 22,646	\$ -
Total revenues	<u>22,646</u>	<u>22,646</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Pupil:			
Materials and supplies	800	800	-
Total pupil	<u>800</u>	<u>800</u>	<u>-</u>
Total expenditures	<u>800</u>	<u>800</u>	<u>-</u>
Excess of revenues over (under) expenditures	21,846	21,846	-
Fund balance, July 1	48,525	48,525	-
Prior year encumbrances appropriated	<u>800</u>	<u>800</u>	<u>-</u>
Fund balance, June 30	<u>\$ 71,171</u>	<u>\$ 71,171</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 14,000	\$ 14,000	\$ -
Total revenues	<u>14,000</u>	<u>14,000</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	14,000	14,000	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ -</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 279,496	\$ 279,496	\$ -
Total revenues	<u>279,496</u>	<u>279,496</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased services	279,496	279,496	-
Total regular instruction	<u>279,496</u>	<u>279,496</u>	<u>-</u>
Total expenditures	<u>279,496</u>	<u>279,496</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Data Communications Special Revenue Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 38,500	\$ 38,500	\$ -
Total revenues	<u>38,500</u>	<u>38,500</u>	<u>-</u>
Expenditures:			
Current:			
Support services:			
Instructional staff:			
Materials and supplies	425	425	-
Other expenditures	27,055	27,055	-
Total instructional staff	<u>27,480</u>	<u>27,480</u>	<u>-</u>
Total expenditures	<u>27,480</u>	<u>27,480</u>	<u>-</u>
Excess of revenues over (under) expenditures	11,020	11,020	-
Fund balance, July 1	<u>41,750</u>	<u>41,750</u>	<u>-</u>
Fund balance, June 30	<u>\$ 52,770</u>	<u>\$ 52,770</u>	<u>\$ -</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 SchoolNet Professional Development Special Revenue Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 4,600	\$ 4,600	\$ -
Total revenues	<u>4,600</u>	<u>4,600</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	560	560	-
Fringe benefits	2	2	-
Total regular instruction	<u>562</u>	<u>562</u>	<u>-</u>
Support services:			
Instructional staff:			
Salaries and wages	879	879	-
Fringe benefits	153	153	-
Purchased services	3,731	3,731	-
Other expenditures	1,408	1,408	-
Total instructional staff	<u>6,171</u>	<u>6,171</u>	<u>-</u>
Central:			
Purchased services	96	96	-
Total central	<u>96</u>	<u>96</u>	<u>-</u>
Total expenditures	<u>6,829</u>	<u>6,829</u>	<u>-</u>
Excess of revenues over (under) expenditures	(2,229)	(2,229)	-
Fund balance, July 1	<u>3,450</u>	<u>3,450</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,221</u>	<u>\$ 1,221</u>	<u>\$ -</u>

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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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 55,000	\$ 55,000	\$ -
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	6,500	6,500	-
Fringe benefits	322	322	-
Materials and supplies	24,111	24,111	-
Total regular instruction	<u>30,933</u>	<u>30,933</u>	<u>-</u>
Special:			
Salaries and wages	11,400	11,400	-
Fringe benefits	3,600	3,600	-
Total special instruction	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Support services:			
Instructional staff:			
Salaries and wages	3,956	3,956	-
Fringe benefits	684	684	-
Purchased services	1,121	1,121	-
Total instructional staff	<u>5,761</u>	<u>5,761</u>	<u>-</u>

Continued

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 (Concluded)
For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
School administration:			
Purchased services	37	37	-
Total school administration	<u>37</u>	<u>37</u>	<u>-</u>
Business:			
Capital outlay - replacement	475	450	25
Total business	<u>475</u>	<u>450</u>	<u>25</u>
Operations and maintenance:			
Materials and supplies	275	275	-
Total operations and maintenance	<u>275</u>	<u>275</u>	<u>-</u>
Total expenditures	<u>52,481</u>	<u>52,456</u>	<u>25</u>
Excess of revenues over (under) expenditures	2,519	2,544	25
Other financing sources (uses):			
Refund of prior year receipts	(16,213)	(16,213)	-
Total other financing sources (uses)	<u>(16,213)</u>	<u>(16,213)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(13,694)	(13,669)	25
Fund balance, July 1	29,232	29,232	-
Prior year encumbrances appropriated	<u>9,733</u>	<u>9,733</u>	<u>-</u>
Fund balance, June 30	<u>\$ 25,271</u>	<u>\$ 25,296</u>	<u>\$ 25</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intermediate sources	\$ 8,010	\$ 10,680	\$ 2,670
Total revenues	<u>8,010</u>	<u>10,680</u>	<u>2,670</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Materials and supplies	2,500	2,500	-
Other expenditures	1,155	1,155	-
Total regular instruction	<u>3,655</u>	<u>3,655</u>	<u>-</u>
Support services:			
Instructional staff:			
Purchased services	3,778	3,778	-
Materials and supplies	2,057	2,057	-
Other expenditures	430	430	-
Total instructional staff	<u>6,265</u>	<u>6,265</u>	<u>-</u>
Total expenditures	<u>9,920</u>	<u>9,920</u>	<u>-</u>
Excess of revenues over (under) expenditures	(1,910)	760	2,670
Fund balance, July 1	2,043	2,043	-
Prior year encumbrances appropriated	<u>2,762</u>	<u>2,762</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2,895</u>	<u>\$ 5,565</u>	<u>\$ 2,670</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 79,565	\$ 79,565	\$ -
Total revenues	<u>79,565</u>	<u>79,565</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased services	46,063	46,063	-
Materials and supplies	385	385	-
Total regular instruction	<u>46,448</u>	<u>46,448</u>	<u>-</u>
Support services:			
Instructional staff:			
Salaries and wages	3,877	3,877	-
Fringe benefits	617	617	-
Purchased services	4,502	4,500	2
Total instructional staff	<u>8,996</u>	<u>8,994</u>	<u>2</u>
Total expenditures	<u>55,444</u>	<u>55,442</u>	<u>2</u>
Excess of revenues over (under) expenditures	24,121	24,123	2
Fund balance, July 1	<u>14,139</u>	<u>14,139</u>	<u>-</u>
Fund balance, June 30	<u>\$ 38,260</u>	<u>\$ 38,262</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)
 Miscellaneous State Grants Special Revenue Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 5,332	\$ 5,332	\$ -
Total revenues	<u>5,332</u>	<u>5,332</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Materials and supplies	3,494	3,494	-
Capital outlay - new	6,072	6,072	-
Other expenditures	799	799	-
Total regular instruction	<u>10,365</u>	<u>10,365</u>	<u>-</u>
Support services:			
Instructional staff:			
Purchased services	358	358	-
Total instructional staff	<u>358</u>	<u>358</u>	<u>-</u>
Central:			
Purchased services	5,332	5,332	-
Total central	<u>5,332</u>	<u>5,332</u>	<u>-</u>
Total expenditures	<u>16,055</u>	<u>16,055</u>	<u>-</u>
Excess of revenues over (under) expenditures	(10,723)	(10,723)	-
Other financing sources (uses):			
Refund of prior year receipts	(587)	(587)	-
Total other financing sources (uses)	<u>(587)</u>	<u>(587)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(11,310)	(11,310)	-
Fund balance, July 1	<u>155,888</u>	<u>155,888</u>	<u>-</u>
Fund balance, June 30	<u>\$ 144,578</u>	<u>\$ 144,578</u>	<u>\$ -</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title II Special Revenue Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 13,271	\$ -	\$ (13,271)
Total revenues	<u>\$ 13,271</u>	<u>\$ -</u>	<u>\$ (13,271)</u>
Expenditures:			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	3,375	3,375	-
Fringe benefits	352	352	-
Purchased services	5,649	5,649	-
Total instructional staff	<u>9,376</u>	<u>9,376</u>	<u>-</u>
Total expenditures	<u>9,376</u>	<u>9,376</u>	<u>-</u>
Excess of revenues over (under) expenditures	3,895	(9,376)	(13,271)
Other financing sources (uses):			
Transfers in	2,383	2,383	-
Total other financing sources (uses)	<u>2,383</u>	<u>2,383</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	6,278	(6,993)	(13,271)
Fund balance, July 1	1,968	1,968	-
Prior year encumbrances appropriated	<u>5,025</u>	<u>5,025</u>	<u>-</u>
Fund balance, June 30	<u>\$ 13,271</u>	<u>\$ -</u>	<u>\$ (13,271)</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 546,833	\$ 546,833	\$ -
Total revenues	<u>546,833</u>	<u>546,833</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and wages	3,168	3,168	-
Fringe benefits	2,963	2,963	-
Purchased services	3,166	3,166	-
Materials and supplies	118,801	118,801	-
Total special instruction	<u>128,098</u>	<u>128,098</u>	<u>-</u>
Support services:			
Pupil:			
Salaries and wages	185,636	185,636	-
Fringe benefits	69,953	69,953	-
Purchased services	69,318	69,318	-
Total pupil	<u>324,907</u>	<u>324,907</u>	<u>-</u>
Instructional staff:			
Salaries and wages	85,635	85,635	-
Fringe benefits	25,484	25,484	-
Purchased services	51,574	51,574	-
Materials and supplies	6,488	6,488	-
Total instructional staff	<u>169,181</u>	<u>169,181</u>	<u>-</u>

Continued

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 (Concluded)
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community services:			
Purchased services	96,703	96,703	-
Total community services	<u>96,703</u>	<u>96,703</u>	<u>-</u>
Total expenditures	<u>718,889</u>	<u>718,889</u>	<u>-</u>
Excess of revenues over (under) expenditures	(172,056)	(172,056)	-
Other financing sources (uses):			
Transfers in	51,929	51,929	-
Advances in	114,407	114,407	-
Advances (out)	<u>(11,959)</u>	<u>(11,959)</u>	<u>-</u>
Total other financing sources (uses)	<u>154,377</u>	<u>154,377</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(17,679)	(17,679)	-
Fund balance, July 1	72,509	72,509	-
Prior year encumbrances appropriated	<u>3,216</u>	<u>3,216</u>	<u>-</u>
Fund balance, June 30	<u>\$ 58,046</u>	<u>\$ 58,046</u>	<u>\$ -</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intermediate sources	\$ 5,849	\$ 7,798	\$ 1,949
Total revenues	<u>5,849</u>	<u>7,798</u>	<u>1,949</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Materials and supplies	139	139	-
Capital outlay - new	1,904	1,904	-
Total regular instruction	<u>2,043</u>	<u>2,043</u>	<u>-</u>
Support services:			
Instructional staff:			
Purchased services	1,152	1,152	-
Materials and supplies	3,546	3,546	-
Capital outlay - new	1,672	1,672	-
Total instructional staff	<u>6,370</u>	<u>6,370</u>	<u>-</u>
Total expenditures	<u>8,413</u>	<u>8,413</u>	<u>-</u>
Excess of revenues over (under) expenditures	(2,564)	(615)	1,949
Fund balance, July 1	<u>7,395</u>	<u>7,395</u>	<u>-</u>
Fund balance, June 30	<u>\$ 4,831</u>	<u>\$ 6,780</u>	<u>\$ 1,949</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 8,226	\$ 8,226	\$ -
Total revenues	<u>8,226</u>	<u>8,226</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special:			
Purchased services	1,381	1,381	-
Materials and supplies	5,096	5,096	-
Total special instruction	<u>6,477</u>	<u>6,477</u>	<u>-</u>
Support services:			
Instructional staff:			
Purchased services	175	175	-
Total instructional staff	<u>175</u>	<u>175</u>	<u>-</u>
Total expenditures	<u>6,652</u>	<u>6,652</u>	<u>-</u>
Excess of revenues over (under) expenditures	1,574	1,574	-
Fund balance, July 1	-	-	-
Fund balance, June 30	<u>\$ 1,574</u>	<u>\$ 1,574</u>	<u>\$ -</u>

Princeton City School District, Ohio
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title I Special Revenue Fund
For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 630,745	\$ 630,745	\$ -
Total revenues	<u>630,745</u>	<u>630,745</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased services	5,920	5,920	-
Materials and supplies	859	859	-
Total regular instruction	<u>6,779</u>	<u>6,779</u>	<u>-</u>
Special:			
Salaries and wages	394,031	394,031	-
Fringe benefits	96,893	96,893	-
Purchased services	6,990	6,990	-
Materials and supplies	71,029	71,029	-
Total special instruction	<u>568,943</u>	<u>568,943</u>	<u>-</u>
Support services:			
Pupil:			
Purchased services	990	990	-
Total pupil	<u>990</u>	<u>990</u>	<u>-</u>
Instructional staff:			
Salaries and wages	4,963	4,963	-
Fringe benefits	1,492	1,492	-
Purchased services	31,999	31,999	-
Materials and supplies	3,433	3,433	-
Total instructional staff	<u>41,887</u>	<u>41,887</u>	<u>-</u>
School administration:			
Purchased services	3,769	3,769	-
Materials and supplies	406	406	-
Total school administration	<u>4,175</u>	<u>4,175</u>	<u>-</u>
Community services:			
Materials and supplies	46	46	-
Total community services	<u>46</u>	<u>46</u>	<u>-</u>
Total expenditures	<u>622,820</u>	<u>622,820</u>	<u>-</u>

Continued

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 (Concluded)
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess of revenues over (under) expenditures	7,925	7,925	-
Other financing sources (uses):			
Transfers in	6,339	6,339	
Advances in	4,010	4,010	-
Advances (out)	(43,960)	(43,960)	-
Refund of prior year receipts	-	-	-
Total other financing sources (uses)	<u>(33,611)</u>	<u>(33,611)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(25,686)	(25,686)	-
Fund balance, July 1	69,193	69,193	-
Prior year encumbrances appropriated	<u>20</u>	<u>20</u>	<u>-</u>
Fund balance, June 30	<u>\$ 43,527</u>	<u>\$ 43,527</u>	<u>\$ -</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title VI Special Revenue Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 20,941	\$ 20,941	\$ -
Total revenues	<u>20,941</u>	<u>20,941</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	5,516	5,516	-
Fringe benefits	927	927	-
Purchased services	1,075	1,075	-
Materials and supplies	125,141	125,141	-
Total regular instruction	<u>132,659</u>	<u>132,659</u>	<u>-</u>
Support services:			
Instructional staff:			
Materials and supplies	5,938	5,937	1
Total instructional staff	<u>5,938</u>	<u>5,937</u>	<u>1</u>
Community services:			
Purchased services	4,647	4,647	-
Materials and supplies	3,410	3,410	-
Total community services	<u>8,057</u>	<u>8,057</u>	<u>-</u>
Total expenditures	<u>146,654</u>	<u>146,653</u>	<u>1</u>
Excess of revenues over (under) expenditures	(125,713)	(125,712)	1
Other financing sources (uses):			
Transfers in	104	104	-
Advances in	156,054	156,054	-
Advances (out)	(36,486)	(36,486)	-
Refund of prior year expenditures	(23)	(23)	-
Total other financing sources (uses)	<u>119,649</u>	<u>119,649</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(6,064)	(6,063)	1
Fund balance, July 1	37,546	37,546	-
Prior year encumbrances appropriated	<u>5,003</u>	<u>5,003</u>	<u>-</u>
Fund balance, June 30	<u>\$ 36,485</u>	<u>\$ 36,486</u>	<u>\$ 1</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 19,893	\$ 19,893	\$ -
Total revenues	<u>19,893</u>	<u>19,893</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	7,596	7,596	-
Fringe benefits	1,081	1,081	-
Materials and supplies	54	54	-
Total regular instruction	<u>8,731</u>	<u>8,731</u>	<u>-</u>
Support services:			
Instructional staff:			
Purchased services	5,842	5,842	-
Materials and supplies	11,869	11,869	-
Total instructional staff	<u>17,711</u>	<u>17,711</u>	<u>-</u>
Community services:			
Purchased services	942	942	-
Materials and supplies	709	709	-
Total community services	<u>1,651</u>	<u>1,651</u>	<u>-</u>
Extracurricular activities:			
School and public service:			
Other expenditures	904	904	-
Total school and public service	<u>904</u>	<u>904</u>	<u>-</u>
Total extracurricular activities	<u>904</u>	<u>904</u>	<u>-</u>
Total expenditures	<u>28,997</u>	<u>28,997</u>	<u>-</u>
Excess of revenues over (under) expenditures	(9,104)	(9,104)	-
Other financing sources (uses):			
Transfers in	141	141	-
Total other financing sources (uses)	<u>141</u>	<u>141</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(8,963)	(8,963)	-
Fund balance, July 1	<u>10,602</u>	<u>10,602</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,639</u>	<u>\$ 1,639</u>	<u>\$ -</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Preschool Grant Special Revenue Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 19,626	\$ 19,626	\$ -
Total revenues	<u>19,626</u>	<u>19,626</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special:			
Purchased services	19,946	19,946	-
Materials and supplies	<u>2,207</u>	<u>2,207</u>	<u>-</u>
Total special instruction	<u>22,153</u>	<u>22,153</u>	<u>-</u>
Total expenditures	<u>22,153</u>	<u>22,153</u>	<u>-</u>
Excess of revenues over (under) expenditures	(2,527)	(2,527)	-
Other financing sources (uses):			
Advances in	2,080	2,080	-
Advances (out)	<u>(3,768)</u>	<u>(3,768)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,688)</u>	<u>(1,688)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(4,215)	(4,215)	-
Fund balance, July 1	<u>7,983</u>	<u>7,983</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,768</u>	<u>\$ 3,768</u>	<u>\$ -</u>

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Continuous Improvement Implementation Grant Special Revenue Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues	\$ -	\$ -	\$ -
Expenditures:			
Support services:			
Instructional staff:			
Salaries and wages	9,267	9,267	-
Total instructional staff	9,267	9,267	-
Total expenditures	9,267	9,267	-
Excess of revenues over (under) expenditures	(9,267)	(9,267)	-
Other financing sources (uses):			
Transfers in	51,825	51,825	-
Advances (out)	(135,699)	(135,699)	-
Refund of prior year receipts	(51,825)	(51,825)	-
Total other financing sources (uses)	(135,699)	(135,699)	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(144,966)	(144,966)	-
Fund balance, July 1	144,966	144,966	-
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)
 Title VI-R Special Revenue Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 92,666	\$ 92,666	\$ -
Total revenues	<u>92,666</u>	<u>92,666</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	18,631	18,631	-
Fringe benefits	7,621	7,621	-
Total regular instruction	<u>26,252</u>	<u>26,252</u>	<u>-</u>
Support services:			
Instructional staff:			
Salaries and wages	2,177	2,177	-
Fringe benefits	333	333	-
Purchased services	11,625	11,625	-
Materials and supplies	35,821	35,821	-
Total instructional staff	<u>49,956</u>	<u>49,956</u>	<u>-</u>
Central:			
Purchased services	12,250	12,250	-
Materials and supplies	4,845	4,416	429
Total central	<u>17,095</u>	<u>16,666</u>	<u>429</u>
Total expenditures	<u>93,303</u>	<u>92,874</u>	<u>429</u>
Excess of revenues over (under) expenditures	(637)	(208)	429
Other financing sources (uses):			
Refund of prior year receipts	(50)	(50)	-
Total other financing sources (uses)	<u>(50)</u>	<u>(50)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(687)	(258)	429
Fund balance, July 1	<u>36,184</u>	<u>36,184</u>	<u>-</u>
Fund balance, June 30	<u>\$ 35,497</u>	<u>\$ 35,926</u>	<u>\$ 429</u>

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Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Miscellaneous Federal Grants Special Revenue Fund (Continued)
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 488,435	\$ 488,435	\$ -
Total revenues	<u>488,435</u>	<u>488,435</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and wages	2,020	2,020	-
Fringe benefits	704	704	-
Purchased services	25,655	25,655	-
Materials and supplies	118,889	118,889	-
Capital outlay - new	1,600	1,600	-
Other expenditures	950	950	-
Total regular instruction	<u>149,818</u>	<u>149,818</u>	<u>-</u>
Special:			
Salaries and wages	87,027	87,027	-
Fringe benefits	19,596	19,596	-
Purchased services	9,850	9,850	-
Materials and supplies	67,926	67,926	-
Total special instruction	<u>184,399</u>	<u>184,399</u>	<u>-</u>
Support services:			
Pupil:			
Salaries and wages	27,450	27,450	-
Fringe benefits	12,733	12,733	-
Purchased services	3,308	3,308	-
Materials and supplies	8,440	8,440	-
Total pupil	<u>51,931</u>	<u>51,931</u>	<u>-</u>
Instructional staff:			
Salaries and wages	65,940	65,940	-
Fringe benefits	12,559	12,559	-
Purchased services	13,048	13,048	-
Materials and supplies	37,140	37,140	-
Total instructional staff	<u>128,687</u>	<u>128,687</u>	<u>-</u>
School administration:			
Purchased services	111	111	-
Total school administration	<u>111</u>	<u>111</u>	<u>-</u>
Extracurricular activities:			
Sports oriented activities:			
Other expenditures	400	400	-
Total sports oriented activities	<u>400</u>	<u>400</u>	<u>-</u>
Total extracurricular activities	<u>400</u>	<u>400</u>	<u>-</u>
Total expenditures	<u>515,346</u>	<u>515,346</u>	<u>-</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 (Concluded)
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess of revenues over (under) expenditures	(26,911)	(26,911)	-
Other financing sources (uses):			
Transfers in	92,500	92,500	-
Advances in	150,781	150,781	-
Advances (out)	(135,699)	(135,699)	-
Refund of prior year receipts	(93,956)	(93,956)	-
Total other financing sources (uses)	<u>13,626</u>	<u>13,626</u>	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(13,285)	(13,285)	-
Fund balance, July 1	115,474	115,474	-
Prior year encumbrances appropriated	<u>46,782</u>	<u>46,782</u>	-
Fund balance, June 30	<u>\$ 148,971</u>	<u>\$ 148,971</u>	<u>\$ -</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Earnings on investments	39	39	-
Total revenues	39	39	-
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	39	39	-
Fund balance, July 1	2,634	2,634	-
Fund balance, June 30	<u>\$ 2,673</u>	<u>\$ 2,673</u>	<u>\$ -</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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Capital outlay:			
Site acquisition services:			
Capital outlay - new	146,220	929,556	(783,336)
Total pupil transportation	146,220	929,556	(783,336)
Total expenditures	146,220	929,556	(783,336)
Excess of revenues over (under) expenditures	(146,220)	(929,556)	(783,336)
Other financing sources (uses):			
Transfers in	1,264	1,264	-
Total other financing sources (uses)	1,264	1,264	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(144,956)	(928,292)	(783,336)
Fund balance, July 1	144,956	144,956	-
Fund balance, June 30	\$ -	\$ (783,336)	\$ (783,336)

Princeton City School District, Ohio
 Schedule of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 SchoolNet Plus Capital Projects Fund
 For Year Ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 102,848	\$ 102,848	\$ -
Total revenues	<u>102,848</u>	<u>102,848</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Materials and supplies	9,539	9,539	-
Capital outlay - new	<u>91,392</u>	<u>91,392</u>	<u>-</u>
Total regular instruction	<u>100,931</u>	<u>100,931</u>	<u>-</u>
Support services:			
Operations and maintenance:			
Materials and supplies	<u>1,917</u>	<u>1,917</u>	<u>-</u>
Total operation and maintenance	<u>1,917</u>	<u>1,917</u>	<u>-</u>
Total expenditures	<u>102,848</u>	<u>102,848</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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.

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STATISTICAL TABLES

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

PRINCETON CITY SCHOOL DISTRICT, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
1994 - 2003

	2003 Fiscal		2002	2001
	Full Accrual	Modified Accrual		
Program Revenues				
Charges for services and sales	1,482,655	N/A	N/A	N/A
Operating grants and contributions	3,629,108	N/A	N/A	N/A
Capital grants and contributions	102,848	N/A	N/A	N/A
General Revenues				
Taxes	56,692,006	56,692,006	57,668,854	56,161,246
Tuition and fees	-	1,346,780	436,392	331,893
Earnings on investments	729,971	699,676	984,421	1,675,316
Intergovernmental	9,283,088	9,383,349	9,462,547	8,647,343
Other local revenues	<u>470,724</u>	<u>431,073</u>	<u>847,071</u>	<u>689,463</u>
Total Revenues	<u>\$72,390,400</u>	<u>\$68,552,884</u>	<u>\$69,399,285</u>	<u>\$67,505,261</u>

Source: Princeton City School District financial records.

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

TABLE 1

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</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
51,180,443	50,185,894	45,111,417	45,692,508	44,626,000	46,054,397	42,785,247
260,682	261,259	226,164	388,962	325,009	348,690	319,898
1,314,483	1,207,811	1,399,904	1,532,249	1,517,648	1,144,038	574,598
8,486,423	7,062,658	6,644,604	7,032,343	6,935,559	6,667,897	6,487,865
<u>341,768</u>	<u>250,326</u>	<u>815,570</u>	<u>481,154</u>	<u>358,564</u>	<u>297,671</u>	<u>409,114</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>	<u>\$54,512,693</u>	<u>\$50,576,722</u>

PRINCETON CITY SCHOOL DISTRICT, OHIO

GENERAL GOVERNMENTAL EXPENSES / EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

1994 - 2003

	2003 Fiscal		2002	2001
	Full Accrual	Modified Accrual		
Expenses / Expenditures				
Regular instruction	\$29,334,784	\$27,944,370	\$26,824,609	\$25,317,906
Special education	7,373,837	6,481,634	6,136,987	5,344,811
Other instruction	1,030,735	1,021,310	963,361	883,708
Pupil	4,855,476	4,411,165	4,325,506	3,380,618
Instructional staff	5,438,025	4,788,201	4,576,692	4,973,889
Board of Education	346,989	333,915	267,505	193,441
Administration	5,013,395	5,044,673	5,013,526	4,710,527
Fiscal	1,702,433	1,692,421	1,683,308	1,689,609
Business	488,820	490,176	392,707	361,022
Operation and maintenance of plant	8,604,249	8,073,346	7,829,002	8,012,885
Pupil transportation	3,782,287	3,873,170	3,250,655	3,106,502
Central	1,316,573	1,161,942	969,141	974,043
Extracurricular activities	1,517,308	975,994	1,052,196	846,236
Community service	1,223,490	130,286	144,846	339,971
Capital outlay	-	273,209	867,144	238,658
Debt service	138,719	449,846	433,689	435,089
Total Expenses / Expenditures	\$72,167,120	\$67,145,658	\$64,730,874	\$60,808,915

Source: Princeton City School District financial records.

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

(2) 1994 fiscal year is reported with the fiscal and business function combined.

TABLE 2

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994 (2)</u>
\$ 23,982,792	\$ 25,699,666	\$ 24,190,576	\$ 24,158,170	\$ 22,906,742	\$ 22,444,023	\$ 21,325,342
4,504,864	4,387,809	3,747,861	3,486,926	3,294,577	3,263,691	2,901,475
783,623	745,347	1,056,287	1,086,896	1,070,415	991,628	861,537
3,227,116	3,264,896	3,086,517	3,071,540	2,896,197	2,640,730	2,450,373
4,534,725	4,749,706	4,258,437	4,048,150	3,526,004	3,265,446	3,136,108
201,641	178,781	214,611	276,521	777,208	201,667	267,306
4,204,972	4,459,878	4,295,264	4,503,981	4,472,423	4,055,744	4,000,408
1,458,969	1,395,343	1,616,317	1,330,269	1,263,912	1,253,759	2,097,868
584,361	630,837	714,178	584,844	515,690	529,124	-
7,109,535	6,889,574	7,570,904	7,255,112	6,554,976	6,365,414	6,378,710
2,782,554	2,656,094	2,662,107	2,584,584	2,259,541	2,298,672	2,292,467
1,005,214	901,475	907,999	930,431	971,224	969,376	881,203
743,735	703,691	637,126	602,242	575,630	565,457	543,532
210,518	264,643	6,857	297,756	174,427	189,575	202,177
1,407,278	97,078	53,535	738,981	308,030	280,772	50,452
<u>297,952</u>	<u>189,565</u>	<u>203,228</u>	<u>188,747</u>	<u>175,278</u>	<u>187,437</u>	<u>155,338</u>
<u><u>\$ 57,039,849</u></u>	<u><u>\$ 57,214,383</u></u>	<u><u>\$ 55,221,804</u></u>	<u><u>\$ 55,145,150</u></u>	<u><u>\$ 51,742,274</u></u>	<u><u>\$ 49,502,515</u></u>	<u><u>\$ 47,544,296</u></u>

PRINCETON CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
REAL AND PUBLIC UTILITY
LAST TEN CALENDAR YEARS
1994 - 2003

<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>
2003	\$ 40,338,209	\$ 36,906,936	91.49%	\$ 931,035	\$37,837,971
2002	36,676,496	34,248,633	93.38%	812,848	35,061,481
2001	36,456,290	34,200,211	93.81%	1,083,180	35,283,391
2000	35,750,340	33,435,460	93.52%	929,371	34,364,831
1999	29,936,630	27,906,438	93.22%	694,210	28,600,648
1998	29,685,600	27,784,701	93.60%	842,271	28,626,972
1997	29,860,878	27,053,016	90.60%	682,012	27,735,028
1996	29,545,049	27,082,295	91.66%	688,925	27,771,220
1995	29,341,079	27,026,132	92.11%	726,778	27,752,910
1994	28,349,076	27,186,459	95.90%	905,364	28,091,823

Source: Hamilton County and Butler County Auditors. (Information for Warren County is not reported since

(1) 1994 through 2002 did not include information for Butler and Warren Counties.

(2) Taxes 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

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>
93.80%	\$ 847,300	2.10%
95.60%	472,499	1.29%
96.78%	398,115	1.09%
96.12%	436,178	1.22%
95.54%	435,619	1.46%
96.43%	388,825	1.31%
92.88%	849,542	2.85%
94.00%	841,292	2.85%
94.59%	510,453	1.74%
99.09%	567,798	2.00%

it represents less than 2% of the total tax collections.)

: occurs.

PRINCETON CITY SCHOOL DISTRICT, OHIO
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN CALENDAR YEARS
 1994 - 2003

Collection Year (1)	Real Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
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
1995	929,649,530	2,656,141,514	399,889,900	1,599,559,600
1994	908,596,140	2,595,988,971	403,035,210	1,612,140,840

Source: Hamilton County and Butler County Auditors. (Information for Warren County is not r

(1) 1994 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	
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	4,612,882,489	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	4,302,927,264	32.42%
82,647,730	93,917,875	1,412,187,160	4,349,618,989	32.47%
71,313,970	81,038,602	1,382,945,320	4,289,168,414	32.24%

eported since it represents less than 2% of the total assessed value.)

PRINCETON CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN CALENDAR YEARS (1)
1994 - 2003

Entity	2003	2002	2001	2000
Princeton City School District	45.79	46.19	46.19	46.19
Hamilton County	21.87	21.47	19.92	20.83
City of Blue Ash	3.08	3.08	3.08	3.08
City of Springdale	3.08	3.08	3.08	3.08
Village of Evendale	-	-	-	-
Village of Glendale	22.61	21.55	21.65	21.93
Village of Lincoln Heights	26.33	24.58	20.08	20.08
Village of Woodlawn	5.08	5.08	5.08	5.08
Springfield Township	20.30	20.30	14.30	14.30
Sycamore Township	7.75	7.75	7.75	7.75
Great Oaks Joint Vocational School District	2.70	2.70	2.70	2.70
West Fork Fire District	-	-	-	-

Source: Hamilton County Auditor.

(1) Information provided by collection year.

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

TABLE 5

<u>1999</u>	<u>1998 (2)</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
42.24	42.24	42.24	42.24	42.24	42.24
19.54	19.01	19.44	18.30	18.30	18.33
3.08	3.08	3.08	3.08	3.08	3.08
3.08	3.08	3.08	3.08	3.08	3.08
3.34	3.34	3.34	3.34	3.34	3.34
19.66	22.34	23.26	23.68	25.38	25.38
20.08	20.08	20.08	20.08	10.08	24.34
5.08	5.08	4.08	4.08	4.08	4.08
14.30	14.30	9.80	9.80	9.80	9.80
7.75	7.60	7.60	7.60	7.60	7.59
2.70	2.70	2.70	2.70	2.70	2.70
-	-	14.30	14.30	14.30	14.30

PRINCETON CITY SCHOOL DISTRICT, OHIO
 RATIO OF GENERAL OBLIGATION BONDED DEBT TO
 ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
 LAST TEN YEARS
 1994 - 2003

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
2003	\$ 303,353	\$ 1,901,088,226	42,426	0.02%	7
2002	1,228,775	1,689,348,420	42,426	0.07%	29
2001	2,103,059	1,686,979,550	42,426	0.12%	50
2000	3,047,504	1,652,197,120	42,426	0.18%	72
1999	3,302,094	1,483,617,730	40,980	0.22%	81
1998	4,412,041	1,451,999,300	40,980	0.30%	108
1997	5,052,475	1,430,002,350	40,980	0.35%	123
1996	1,128,115	1,394,840,000	40,980	0.08%	28
1995	-	1,412,187,160	40,980	-	-
1994	98,000	1,382,945,320	40,980	0.01%	2

Sources (1) Princeton City School District financial records.

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

(3) Ohio Municipal Advisory Council.

PRINCETON CITY SCHOOL DISTRICT, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2003

TABLE 7

Assessed Valuation (1)		<u>\$1,901,088,226</u>
<hr/>		
OVERALL DIRECT DEBT LIMITATION		
Direct Debt Limitation 9% of Assessed Valuation		\$ 171,097,940
Amount Available in Debt Service Fund		-
Gross Indebtedness	303,353	
Less: Debt Exempt from Limitation	<u>303,353</u>	
Debt Subject to 9% Limitation		<u>-</u>
Legal Debt Margin within 9% Limitation		<u>\$ 171,097,940</u>
<hr/>		
UNVOTED DIRECT DEBT LIMITATION		
Unvoted Debt Limitation 0.1% of Assessed Valuation		\$ 1,901,088
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>\$ 1,901,088</u>
<hr/>		
ENERGY CONSERVATION BOND LIMITATION		
Ohio Revised Code Section 133.042		
Debt Limitation 0.9% of Assessed Valuation		\$ 17,109,794
Energy Conservation Bonds Authorized by the Board of Education		<u>(303,353)</u>
Legal Debt Margin within 0.9% Limitation		<u>\$ 16,806,441</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, 2003

TABLE 8

Governmental Unit	Gross General Obligation	Percent Applicable to School District (1)	Amount Applicable to School District
Direct debt:			
Princeton City School District	\$ 303,353	100.00%	\$ 303,353
Overlapping debt:			
Butler County	83,941,600	1.63%	1,368,248
Hamilton County	130,790,000	9.46%	12,372,734
Warren County	4,010,870	0.54%	21,659
City of Blue Ash	575,000	5.05%	29,038
City of Sharonville	27,350,000	99.97%	27,341,795
City of Springdale	7,000,000	99.99%	6,999,300
Village of Evendale	2,235,000	83.66%	1,869,801
Village of Glendale	660,000	100.00%	660,000
Village of Lincoln Heights	11,000	100.00%	11,000
Village of Woodlawn	3,500,000	100.00%	3,500,000
Deerfield Township	7,460,833	2.91%	217,110
Springfield Township	12,485,250	1.35%	168,551
West Chester Township	28,135,000	4.34%	1,221,059
Great Oaks Joint Vocational School District	6,240,000	11.36%	708,864
Total overlapping debt:	<u>314,394,553</u>		<u>56,489,159</u>
Total direct and overlapping debt:	<u>\$ 314,697,906</u>		<u>\$ 56,792,512</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

1994 - 2003

<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>
2003	\$ 925,422	\$ 50,509	\$ 975,931	\$ 67,145,658	1.45%
2002	874,284	101,647	975,931	64,730,874	1.51%
2001	944,444	151,163	1,095,607	60,808,915	1.80%
2000	983,090	169,237	1,152,327	57,039,849	2.02%
1999	1,109,947	230,255	1,340,202	57,214,383	2.34%
1998	1,032,533	272,422	1,304,955	55,221,804	2.36%
1997	847,770	218,877	1,066,647	55,145,150	1.93%
1996	-	-	-	51,742,274	-
1995	98,000	2,724	100,724	49,502,515	0.20%
1994	-	-	-	47,544,296	-

Source: Princeton City School District financial records.

PRINCETON CITY SCHOOL DISTRICT, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
1994 - 2003

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>
2003	42,426	6,110	5.3%	6.6%
2002	42,426	6,210	5.1%	5.7%
2001	42,426	6,139	3.9%	4.3%
2000	42,426	6,318	3.7%	4.2%
1999	40,980	6,577	3.8%	4.5%
1998	40,980	6,717	3.3%	4.3%
1997	40,980	6,718	3.3%	4.5%
1996	40,980	6,740	4.3%	5.0%
1995	40,980	6,903	4.3%	4.6%
1994	40,980	6,820	4.3%	5.4%

Source: (1) Ohio Municipal Advisory Council.

(2) Princeton City School District records.

(3) Greater Cincinnati Chamber of Commerce.

PRINCETON CITY SCHOOL DISTRICT, OHIO
CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUES
LAST TEN CALENDAR YEARS
1993 - 2002

TABLE 11

<u>Year</u>	<u>Construction (1)</u>	<u>Bank Deposits (in thousands) (2)</u>	<u>Property Values (3)</u>
2002	\$ 72,748,755	\$ 145,359,134	1,182,629,890
2001	71,304,815	133,025,841	1,159,115,740
2000	108,688,787	76,238,995	1,144,748,820
1999	77,190,767	40,706,386	979,193,070
1998	193,421,678	24,484,435	969,842,720
1997	54,298,762	18,070,437	964,361,560
1996	73,265,242	20,217,176	931,114,260
1995	56,598,994	17,533,516	929,649,530
1994	61,649,875	15,035,485	908,596,140
1993	59,224,611	13,274,239	769,805,530

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.)

(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, 2003

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	\$ 71,857,470	3.78%
Concordia Properties LLC	Real estate holding company	57,028,880	3.00%
Procter & Gamble	Manufacturer of consumer products	36,777,450	1.93%
General Electric	Manufacturer of aircraft engines	33,844,710	1.78%
Cinergy	Public utility	29,832,270	1.57%
Cincinnati Bell	Public utility & cellular phone provider	24,392,660	1.28%
G & I Executive Center	Real estate holding company	17,503,800	0.92%
Duke Realty	Real estate holding company	16,982,500	0.89%
Dugan Financing	Construction company	14,093,890	0.74%
Formica Corporation	Manufacturer of laminates	13,801,480	0.73%
	Total	316,115,110	16.63%
	All others	<u>1,584,973,116</u>	<u>83.37%</u>
	Grand total	<u>\$ 1,901,088,226</u>	<u>100.00%</u>

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

(1) Information provided by collection year.

PRINCETON CITY SCHOOL DISTRICT, OHIO
TOP TEN LARGEST EMPLOYERS
JUNE 30, 2003

TABLE 13

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
General Electric Company	Manufacturer of aircraft engines	7,170
Ford Motor Company	Manufacturer of automobiles	3,061
Avon Products, Incorporated	Manufacturer of consumer products	1,687
U S Bulk Mail Center	Delivery of U S mail	1,572
Adecco NA LLC	Provider of temporary employment services	1,301
United Parcel Service	Delivery service	1,038
John Morrell & Company	Manufacturer of food products	1,034
Princeton City School District	Primary and secondary education	1,022
General Electric Client Business	Manufacturing sales and support	963
Formica Corporation	Manufacturer of laminates	760

Source: Princeton City School District financial records.

PRINCETON CITY SCHOOL DISTRICT, OHIO
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2003

Enrollment by grade

	K	1	2	3	4	5	6	7	8	9
2002-03	434	446	444	417	444	456	490	489	477	551

The following are projections:

2003-04	379	393	424	425	405	433	408	491	473	506
2004-05	379	354	388	425	405	406	425	405	482	528
2005-06	378	354	349	389	405	406	399	422	398	538
2006-07	378	353	349	350	371	407	399	396	414	444
2007-08	377	353	349	350	334	372	399	396	389	462
2008-09	377	353	348	350	334	335	365	396	389	433
2009-10	375	352	348	349	333	335	329	362	389	433
2010-11	373	350	348	349	333	334	328	326	356	434
2011-12	370	348	346	349	333	334	328	326	320	396
2012-13	368	346	343	347	332	334	328	326	320	357
2013-14	366	344	341	344	330	333	327	325	320	357

Source: Princeton City School District records.

TABLE 14

10	11	12	JVS	TOTAL
501	420	411	130	6,110

468	467	458	140	5,870
497	401	480	159	5,734
432	426	413	167	5,476
440	370	438	144	5,253
363	377	381	152	5,054
378	311	388	133	4,890
355	324	320	135	4,739
355	304	333	111	4,634
355	304	313	116	4,538
325	304	313	109	4,452
293	278	313	109	4,380

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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 15, 2004**