

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2004**



**Auditor of State  
Betty Montgomery**



**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. Department of Agriculture</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	N/A	10.550	\$0	\$53,953	\$0	\$53,953
National School Breakfast Program	05PU-2003	10.553	407	0	407	0
National School Breakfast Program	05PU-2004	10.553	3,435	0	3,435	0
Subtotal National School Breakfast Program			3,842	0	3,842	0
National School Lunch Program	LLP4-2003	10.555	12,035	0	12,035	0
National School Lunch Program	LLP4-2004	10.555	80,343	0	80,343	0
Subtotal National School Lunch Program			92,378	0	92,378	0
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>			<b>96,220</b>	<b>53,953</b>	<b>96,220</b>	<b>53,953</b>
<b>U.S. Department of Education</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
IDEA Part B (Title VI-B)	6BSF-2003	84.027	82,259	0	93,445	0
IDEA Part B (Title VI-B)	6BSF-2004	84.027	489,607	0	525,362	0
Collaborative Grant	6BSD-2003	84.027	21,000	0	14,747	0
Collaborative Grant	6BSD-2004	84.027	26,459	0	27,595	0
Subtotal IDEA Part B			619,325	0	661,149	0
Preschool Disability Grant	PGS1-2003P	84.173	0	0	14	0
Preschool Disability Grant	PGS1-2004P	84.173	17,670	0	17,670	0
Subtotal Preschool Disability Grant			17,670	0	17,684	0
<b>Total Special Education Cluster</b>			<b>636,995</b>	<b>0</b>	<b>678,833</b>	<b>0</b>
Drug Free School Grant	DRS1-2002	84.186	0	0	1,286	0
Drug Free School Grant	DRS1-2003	84.186	10,615	0	2,162	0
Drug Free School Grant	DRS1-2004	84.186	5,322	0	8,561	0
Total Drug Free School Grant			15,937	0	12,009	0
Title V - Innovative Programs	C2S1-2002	84.298	0	0	329	0
Title V - Innovative Programs	C2S1-2003	84.298	9,589	0	10,574	0
Title V - Innovative Programs	C2S1-2004	84.298	24,164	0	19,813	0
Total Title V - Innovative Programs			33,753	0	30,716	0
Eisenhower Grant		84.281	0	0	2	0
Title II, Part A - Teacher and Principal Training and Recruiting	TRS1-2003	84.367	27,150	0	19,235	0
Title II, Part A - Teacher and Principal Training and Recruiting	TRS1-2004	84.367	72,977	0	68,823	0
Total Title II, Part A - Teacher and Principal Training and Recruiting			100,127	0	88,058	0
Assistive Technology Infusion Grants	ATS4-2002	84.352A	(2,380)	0	0	0
Title III - Limited English Proficiency Grant	T3S1-2004	84.365	7,006	0	7,661	0
Refugee Children	RIS1-2003	93.576	0	0	186	0
Refugee Children	RIS1-2004	93.576	2,000	0	1,715	0
Total Reducing Class Size			2,000	0	1,901	0
<b>Total U.S. Department of Education</b>			<b>793,438</b>	<b>0</b>	<b>819,180</b>	<b>0</b>
<b>Total Federal Financial Assistance</b>			<b>\$889,658</b>	<b>\$53,953</b>	<b>\$915,400</b>	<b>\$53,953</b>

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

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

**NOTE C – RETURN OF RECEIPT**

The District returned a receipt of \$2,380 from the Assistive Technology Infusion Grant to the Ohio Department of Education because all of the grant funds had not been expended within the allowable time period.

N/A – Not Applicable

CFDA – Catalog of Federal Domestic Assistance



## **Auditor of State Betty Montgomery**

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

Board of Education  
North Royalton City School District  
Cuyahoga County  
6579 Royalton Road  
North Royalton, Ohio 44133

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2004. 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 Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. We also noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated December 15, 2004.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated December 15, 2004.

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

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

**Betty Montgomery**  
Auditor of State

December 15, 2004





## Auditor of State Betty Montgomery

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

Board of Education  
North Royalton City School District  
Cuyahoga County  
6579 Royalton Road  
North Royalton, Ohio 44133

#### Compliance

We have audited the compliance of the North Royalton City School District, Cuyahoga 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 program for the year ended June 30, 2004. The District's major federal program is 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 program 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 program for the year ended June 30, 2004.

#### Internal Control Over Compliance

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

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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.

### **Schedule of Federal Awards Receipts and Expenditures**

We have audited the basic financial statements of the North Royalton City School District, Cuyahoga County, Ohio, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 15, 2004. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

December 15, 2004

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

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

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

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2004  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2004-001</b>
-----------------------	-----------------

**Noncompliance Citations**

**Expenditures Plus Encumbrances Exceeded Appropriations**

Ohio Rev. Code Section 5705.41(B) and (D) prohibit a subdivision or taxing unit from making an expenditure or an expenditure plus encumbrance unless it has been properly appropriated. Budgetary expenditures as enacted by the District may not exceed appropriations at the legal level of control for all funds. The following line item had expenditures that exceeded appropriations during the year:

	Expenditures plus Encumbrances	Appropriations	Variance
<b>March 31, 2004</b>			
Special Revenue Funds:			
Local Grants Fund	\$80,901	\$30,000	(\$50,901)
Entry Year Program	56,005	0	(56,005)
Title III	5,916	0	(5,916)
Title VI	34,182	29,205	(4,977)
Improving Teacher Quality	77,634	65,068	(12,566)
Capital Project Fund:			
School Net	4,241	460	(3,781)

These variances were corrected as of June 30, 2004.

We recommend the District verify that all expenditures and encumbrances have proper appropriation authority prior to expending funds or certifying encumbrances and compare appropriations to expenditures plus encumbrances in all funds which are legally required to be budgeted, at the legal level of control (fund level), to ensure compliance with the above requirements.

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

None

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2004**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><u>Explain:</u></b>
2003-001	Ohio Revised Code Section 5705.41(D), no orders or contracts involving the expenditure of money are to be made unless there is attached a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The District did not properly certify and encumber funds of 27 out of 60 expenditures prior to the receipt of goods or services.	Yes	
2003-002	Ohio Revised Code 5705.41 (B) & (D) prohibits a subdivision or taxing unit from making an expenditure or an expenditure plus encumbrance unless it has been appropriated. The District had three funds which had expenditures plus encumbrances in excess of appropriations as reported on the Appropriation measure at December 31, 2003.	No	Reissued as finding 2004-001



**NORTH ROYALTON  
CITY SCHOOL DISTRICT**

**North Royalton, Ohio**

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





**North Royalton City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2004*  
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# NORTH ROYALTON CITY SCHOOLS

440-237-8800  
Fax 440-582-7336

6579 Royalton Road  
North Royalton, Ohio 44133

December 15, 2004

Board of Education Members  
North Royalton City School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the North Royalton City School District ("School District") for the fiscal year ended June 30, 2004. This CAFR, which includes financial statements and other financial and statistical data, conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. All disclosures necessary to enable the reader to gain an understanding of the School District's financial activities have been included.

The report provides the taxpayers of the North Royalton City School District, bond rating agencies and other interested parties with comprehensive financial information, enabling them to gain a clear understanding of the School District's finances. This report is intended to contribute to meeting the accountability requirements of the public. Copies will be distributed to all school buildings, the North Royalton Public Library, the North Royalton Chamber of Commerce, rating agencies and other interested organizations. Copies will be made available to residents of the North Royalton City School District.

This report is divided into the following sections:

- I. The Introductory Section, which includes a Table of Contents, this Transmittal Letter, a List of Principal Officials, the School District's Organizational Chart and GFOA Certificate of Achievement.
- II. The Financial Section which begins with the Independent Accountants' Report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
- III. The Statistical Section, which includes related financial and demographic information, generally presented on a multi-year basis.

## **The School District**

The North Royalton City School District is governed by the Constitution of the State of Ohio and various statutes enacted by the Ohio General Assembly through the State Department of Education. Under Ohio law, the School District is a separate and distinct unit of government with its own taxing authority. The North Royalton Board of Education is a five-member board, elected at large, with overlapping four-year terms.

The School District is located in Cuyahoga County in northeastern Ohio, twenty miles south of the downtown area of the City of Cleveland and covers 25 square miles. Based on property valuations, the School District includes 98.5 percent of the City of North Royalton and 24.7 percent of the City of Broadview Heights (1.5 percent of the City of North Royalton and 75.3 percent of the City of Broadview Heights are in the Brecksville-Broadview Heights City School District). The School District is bounded by the City of Parma on the north, the City of Broadview Heights on the east, the City of Strongsville on the west and Medina County on the south.

North Royalton became a township in 1818, was incorporated as a village in 1927 and became a city in 1961. Early records show that formal schooling began in approximately 1821 with a log schoolhouse on State Road. In 1858, there were 41 students enrolled in the North Royalton School District. On February 13, 1961, North Royalton Local Schools became a City School District.

The North Royalton City School District provides a comprehensive array of programs and services in five school buildings: one high school with grades 9 through 12, one middle school with grades 5 through 8 and three elementary schools with each containing kindergarten through grade 4. Course offerings, supplemented by extra-curricular opportunities, afford students with the skills necessary to pursue post-high school educational and career goals.

North Royalton's cost-per-pupil is consistently among the lowest for Cuyahoga County school districts. The results of achievement, competency and proficiency testing continue to substantiate the effectiveness of the teaching-learning process in the School District.

### **The Reporting Entity**

The School District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the North Royalton City School District (the primary government) and its potential component units.

The School District is associated with the Lakeshore Northeast Ohio Computer Association, the Cuyahoga Valley Career Center, the Ohio Schools Council Association and the Suburban Health Consortium, three jointly governed organizations and one shared risk pool.

### **Economic Condition and Outlook**

The City of North Royalton continues to experience a period of rapid growth. The 2000 U.S. Census data reports a population of 30,654 in the City of North Royalton. This represents a 23.5 percent increase since the 1990 census. The median household income is \$57,398.

The North Royalton City School District receives 70.5 percent of its governmental revenues from local property tax collections. Therefore the long-term financial health of the School District is very dependent on its tax base. The total assessed value of the School District's tax duplicate rose by nearly 76 percent in the last ten years. The increased value in the duplicate is due to revisions in property values made by the County Auditor every three years and new construction taking place in the School District.

The City of North Royalton and the City of Broadview Heights continue to attract new housing and commercial development. There are currently 26 new housing developments approved and under construction in the School District. As of June 30, 2004 there were approximately 2,239 new home lots approved by the Planning Commissions and City Councils of the respective cities for completion in the School District over the next five years.

## **Major Educational Initiatives:**

### ***2003-2004 School Year***

- Continued to upgrade technology, specifically through staff development to enable more efficient utilization of technology as a support to instruction.
- Continued the cycle of curriculum review, enabling monitoring and updating of the K-12 educational program.
- Developed Continuous Improvement Plans that are designed to improve student performance.
- Expanded the Early Childhood Center to include kindergarten and pre-school children throughout the School District.
- All buildings earned competitive Special Education Access Grants to help special education students access the general curriculum.
- Established a pilot program in language arts for gifted students in grades 3 and 4 using the William and Mary curriculum materials.

### ***For the Future***

- Continue to work collaboratively with our State representatives regarding school funding, specifically protecting the interests of our School District.
- Evaluate facilities' needs to accommodate the increasing student enrollment, as well as the expansion of educational programs and services.
- Refine the system for data driven decision making.
- Support professional growth opportunities for all staff in an effort to seek our best practices for the School District's community of learners.

## **FINANCIAL INFORMATION**

### ***Internal Accounting and Budgetary Control***

In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board of Education. Budgets are controlled at the fund level for all funds. All purchase order requests must be approved by the Superintendent and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an on line inquiry system is available at each cost center site. As an additional safeguard, all employees are covered by a blanket bond, and certain individuals in policy-making roles are covered by a separate, higher limit bond.

The basis of accounting and the various funds utilized by North Royalton City School District are fully described in Note 2 of the basic financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

### ***Financial Condition***

This is the second year the School 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 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 School District that are governmental and those that are considered business-type activities. The School District has no 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 reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion appears after the Independent Accountants' Report in the financial section of this report. Management's Discussion and Analysis provides an assessment of the School District's finances for fiscal year 2004. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

### ***Financial Highlights – Internal Service Fund***

The only internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision vision benefits to the School District employees. The internal service fund had net assets of \$96,024 at June 30, 2004, compared with net assets of \$51,011 at June 30, 2003, reflecting a net increase in net assets of \$45,013.

### **Cash Management**

The Board of Education has an aggressive cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation as well as investing available cash in instruments issued by the United States Government or the State of Ohio. The program is beneficial because of access to daily balances which enables the Board to maintain minimum balance accounts and invest to the maximum extent. The total amount of interest earned by the governmental funds was \$79,545 for the year ended June 30, 2004 of which \$76,094 was credited directly to the general fund.

Protection of the School District's deposits is provided by the federal deposit insurance corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

### **Risk Management**

The School District contracts for general liability insurance with \$3,000,000 limit with no deductible and automobile liability which has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative costs.

### **Independent Audit**

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor, Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2004. The opinion appears at the beginning of the financial section of this report.

### **Awards**

#### ***GFOA Certificate of Achievement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to North Royalton City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a 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 our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



## Acknowledgments

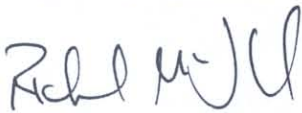
The publication of this report is a significant step toward professionalizing the North Royalton City School District's financial reporting. It enhances the School District's accountability to the residents of the North Royalton City School District.

The preparation of this report would not have been possible without the assistance and support of the staff at the Treasurer's office, various administrators and staff members of the School District. Assistance from the County Auditor's staff and outside agencies made possible the fair presentation of the statistical data.

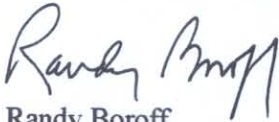
Special appreciation is expressed to the Local Government Services Section of State Auditor Betty Montgomery's office for assistance in planning, designing and reviewing this financial report.

Finally, sincere appreciation is extended to the Board of Education for their support for this project and their continued commitment to excellence.

Respectfully submitted,



Richard McIntosh  
Treasurer



Randy Boroff  
Superintendent

**North Royalton City School District**

*Principal Officials*

*June 30, 2004*

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***Board of Education***

Ms. Catherine Bican ..... President  
Ms. Barbara Soggs ..... Vice-President  
Ms. Heidi Dolezal ..... Member  
Mr. Robert Grace ..... Member  
Ms. Cheryl Tuttle ..... Member

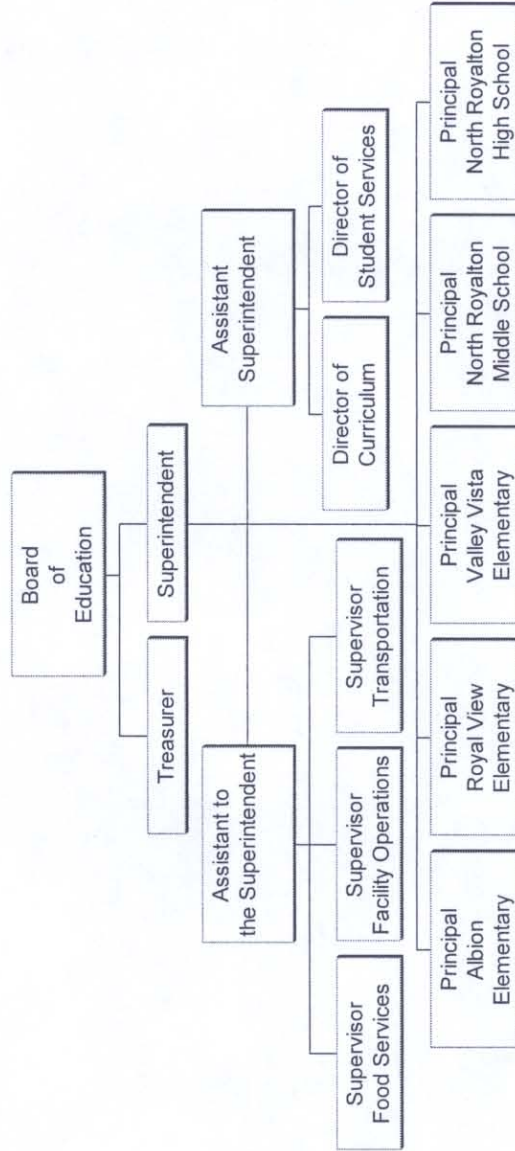
***Treasurer***

Mr. Richard McIntosh

***Administration***

Mr. Randy Boroff ..... Superintendent  
Mr. James J. Prescott ..... Assistant to the Superintendent  
Mr. Joseph LaGuardia ..... Director of Personnel  
Mr. Richard W. Evans ..... Director of Curriculum and Instruction  
Mr. James C. Rohlik ..... Director of Student Services

# North Royalton City School District Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Royalton City Schools,  
Ohio

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

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



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANT'S REPORT**

Board of Education  
North Royalton City School District  
Cuyahoga County  
6579 Royalton Road  
North Royalton, Ohio 44133

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 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 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

**Betty Montgomery**  
Auditor of State

December 15, 2004

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

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The discussion and analysis of North Royalton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2004 are as follows:

- ❑ Net assets of governmental activities increased \$6,877,002, which represents a 146.8 percent increase from 2003.
- ❑ Governmental Activities reflected total revenue in the amount of \$46,580,573.
- ❑ Total program expenses were \$39,703,571 in Governmental Activities.
- ❑ Outstanding debt decreased to \$22,765,319 from \$23,600,179 in 2003.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the North Royalton City School District as a financial whole, or complete operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the North Royalton City School District, the general fund is by far the most significant fund.

### **Reporting the School District as a Whole**

#### *Statement of Net Assets and the Statement of Activities*

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's current property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food services and extracurricular activities.

**Reporting the School District's Most Significant Funds**

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general and bond retirement debt service funds.

**Governmental Funds** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2004 compared to 2003:

**Table 1**  
 Net Assets  
 Governmental Activities

	2004	2003
<b>Assets</b>		
Current and Other Assets	\$38,271,177	\$33,852,612
Capital Assets, Net of Depreciation	28,318,157	28,747,329
<i>Total Assets</i>	\$66,589,334	\$62,599,941



**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

**Table 1**

Net Assets (continued)  
Governmental Activities

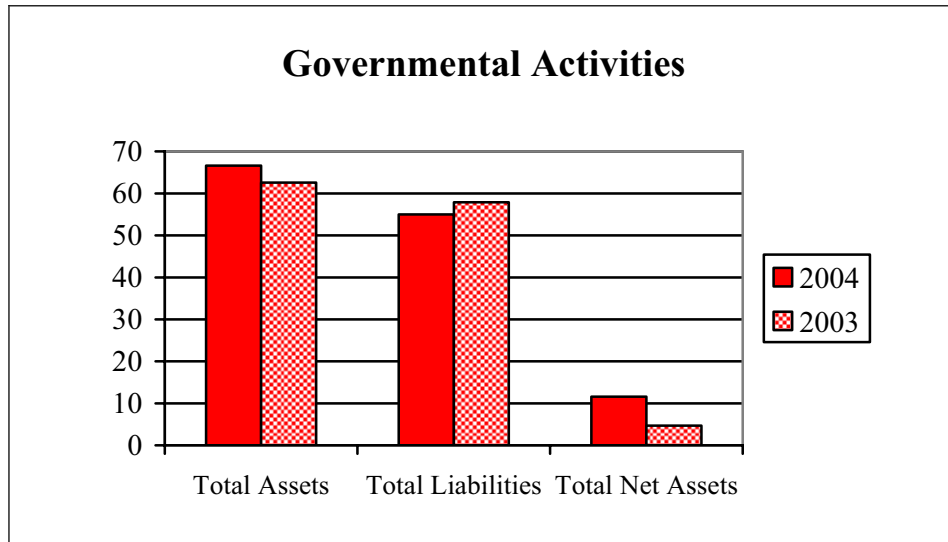
	2004	2003
<b>Liabilities</b>		
Current and Other Liabilities	\$29,985,803	\$31,453,563
Long-Term Liabilities:		
Due Within One Year	1,615,449	1,608,622
Due in More Than One Year	23,426,371	24,853,047
<i>Total Liabilities</i>	<i>55,027,623</i>	<i>57,915,232</i>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	7,479,257	7,090,206
Restricted for:		
Capital Projects	470,886	351,756
Debt Service	2,704,713	2,262,835
Other Purposes	369,575	408,144
Unrestricted (Deficit)	537,280	(5,428,232)
<i>Total Net Assets</i>	<i>\$11,561,711</i>	<i>\$4,684,709</i>

**Graph 1**

Net Assets  
(In Millions)

	2004	2003
Total Assets	\$66.6	\$62.6
Total Liabilities	55.0	57.9
Total Net Assets	\$11.6	\$4.7

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*



Total assets increased \$3,989,393. Equity in pooled cash and cash equivalents increased \$2,562,991 due to a full year of collections on the 5.5 mill operating levy passed in November 2002. Property taxes receivable increased \$1,471,869 due to new construction. This increase was offset by a decrease in capital assets of \$429,172 due to the annual depreciation exceeding capital outlays.

Liabilities decreased by \$2,887,609. This decrease resulted from a decrease in deferred revenue in the amount of \$1,998,411 due to the amount of tax revenue available to advance the School District from the County Auditor increasing. This decrease was also due to a decrease in compensated absences of \$274,989 and general obligation bonds of \$1,144,860.

By comparing assets and liabilities, one can see the overall position of the School District has improved as evidenced by the increase in net assets of \$6,877,002.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$42,992,431 or 92.3 percent of the total revenue. The most significant portion of the general revenue is local property tax accounting for 76.7 percent of total general revenues. The remaining amount of revenue received was in the form of program revenues, which equated to \$3,588,142 or 7.7 percent of total revenue.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net assets for the fiscal year 2004. The increase in net assets can be mainly attributed to the increase in property taxes received and available as an advance on June 30, 2004.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

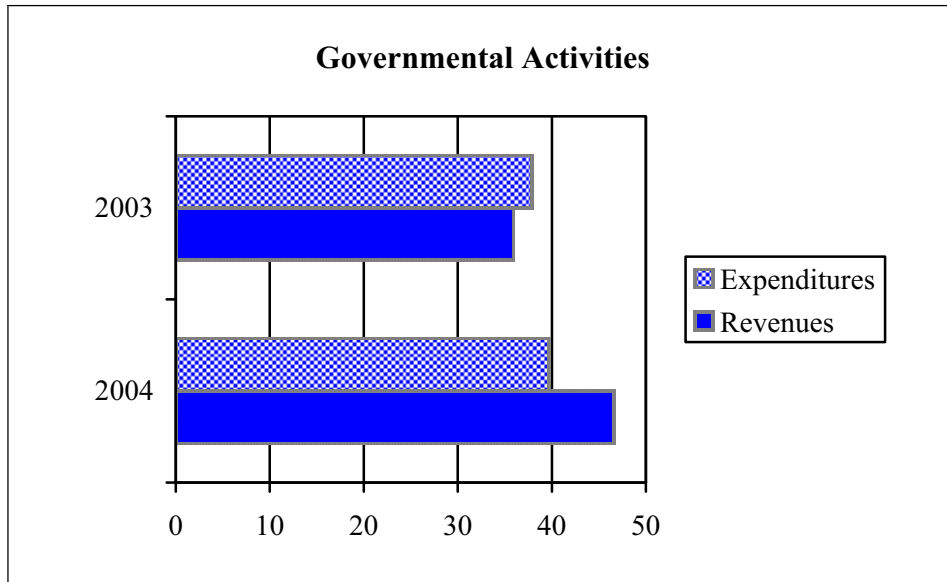
**Table 2**  
 Governmental Activities

	<u>2004</u>	<u>2003</u>
<b>Program revenues</b>		
Charges for Services and Sales	\$1,756,896	\$1,641,832
Operating Grants, Interest and Contributions	1,809,757	1,249,769
Capital Grants and Contributions	21,489	177,730
<i>Total Program Revenues</i>	<u>3,588,142</u>	<u>3,069,331</u>
<b>General revenues</b>		
Property Taxes	32,969,306	23,428,474
Grants and Entitlements not Restricted to Specific Programs	9,707,794	9,099,437
Investment Earnings	76,094	82,610
Gain on Sale of Capital Assets	37,000	0
Miscellaneous	202,237	211,124
<i>Total General Revenues</i>	<u>42,992,431</u>	<u>32,821,645</u>
<i>Total Revenues</i>	<u>46,580,573</u>	<u>35,890,976</u>
<b>Program Expenses</b>		
Instruction:		
Regular	17,400,569	17,302,942
Special	3,405,594	2,932,155
Vocational	100,839	165,516
Support services:		
Pupil	1,931,083	1,834,793
Instructional Staff	2,544,774	2,236,506
Board of Education	27,367	17,890
Administration	2,676,212	2,767,986
Fiscal	911,411	797,449
Business	281,670	225,304
Operation and Maintenance of Plant	3,188,596	2,928,794
Pupil Transportation	2,700,384	2,197,402
Central	299,018	268,640
Operation Non-Instructional Services	607,217	592,156
Operation of Food Services	1,318,533	1,477,114
Extracurricular Activities	856,680	612,425
Interest and Fiscal Charges	1,453,624	1,552,707
<i>Total Program Expenses</i>	<u>39,703,571</u>	<u>37,909,779</u>
<i>Increase (Decrease) in Net Assets</i>	6,877,002	(2,018,803)
<i>Net Assets Beginning of Year</i>	<u>4,684,709</u>	<u>6,703,512</u>
<i>Net Assets End of Year</i>	<u>\$11,561,711</u>	<u>\$4,684,709</u>

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

**Graph 2**  
**Revenues and Expenditures**  
(In Millions)

	2004	2003
Revenues	\$46.6	\$35.9
Expenditures	39.7	37.9



***Governmental Activities***

The unique nature of funding primary and secondary education in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 70.8 percent of revenues for governmental activities for North Royalton City School District in fiscal year 2004 versus 65.3 percent in fiscal year 2003. This increase was due to collecting a full year of taxes from the 5.5 mill operating levy approved in November 2002.

Instruction comprises 52.7 percent of governmental program expenses. Instruction along with pupil and instructional staff support comprises 64.0 percent of governmental program expenses. Interest and fiscal charges was 3.7 percent. Interest expense was attributable to the outstanding debt issues previously approved by the residents of the School District to fund capital projects.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Total and Net Cost of Program Services**  
**Governmental Activities**

	2004		2003	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction:				
Regular	\$17,400,569	(\$16,896,670)	\$17,302,942	(\$17,058,409)
Special	3,405,594	(3,133,028)	2,932,155	(2,649,168)
Vocational	100,839	(100,839)	165,516	(165,516)
Support Services:				
Pupil	1,931,083	(1,912,503)	1,834,793	(1,809,827)
Instructional Staff	2,544,774	(1,975,725)	2,236,506	(2,021,644)
Board of Education	27,367	(27,367)	17,890	(17,890)
Administration	2,676,212	(2,641,513)	2,767,986	(2,754,341)
Fiscal	911,411	(907,603)	797,449	(797,449)
Business	281,670	(224,170)	225,304	(192,044)
Operation and Maintenance of Plant	3,188,596	(3,125,653)	2,928,794	(2,876,891)
Pupil Transportation	2,700,384	(2,675,646)	2,197,402	(2,080,709)
Central	299,018	(299,018)	268,640	(268,640)
Operation of Non-Instructional Services	607,217	23,067	592,156	(38,968)
Operation of Food Services	1,318,533	(109,228)	1,477,114	(272,772)
Extracurricular Activities	856,680	(655,909)	612,425	(283,473)
Interest and Fiscal Charges	1,453,624	(1,453,624)	1,552,707	(1,552,707)
<i>Total</i>	<u>\$39,703,571</u>	<u>(\$36,115,429)</u>	<u>\$37,909,779</u>	<u>(\$34,840,448)</u>

The dependence upon general revenues for governmental activities is apparent as local property tax accounts for roughly 71 percent of the total revenues in fiscal year 2004. This amount differs significantly from the prior year due to collecting a full year of taxes on the 5.5 mill operating levy passed in November 2002 and the higher amount of taxes available as an advance on June 30, 2004 from the County Auditor. Over 96 percent of instructional activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 92.3 percent of total governmental revenues. The community, as a whole, is by far the primary support for North Royalton City School District students.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

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**The School District's Funds**

Information regarding the School District's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$46,464,114 and expenditures of \$40,731,727. The net change in fund balance for the year was most significant in the general fund, an increase of \$5,573,784 due to collecting a full year of taxes from the operating levy as well as an increase in the amount of tax revenue available to advance the School District from the County Auditor. The School District has also expended a higher amount in grant monies and capital outlay to better provide services to our students resulting in a decrease of \$197,971 in Other Governmental Funds. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes from the communities that comprise the School District are the largest revenue source, accounting for 70.8 percent of total governmental revenue.

***General Fund Budgeting Highlights***

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2004, the School District did not need to amend its general fund. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

For the general fund, actual budget basis revenue totaled \$36,150,128, which was very close to the final budget estimates of \$36,143,081. Original budget estimates of \$36,378,684 differed from the actual budget basis revenue due to higher estimates of property taxes.

Actual budget basis expenditures totaled \$34,093,274 compared to the original estimate of \$35,021,356. This variance was primarily due to lower than expected salary and fringe benefit costs as well as lower supply and material purchases.

The School District's unencumbered ending cash balance totaled \$3,154,048.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2004 the School District had \$28,318,157 invested in land, construction in progress, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal 2004 balances compared to 2003:

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

**Table 4**  
 Capital Assets at June 30  
 (Net of Depreciation)  
 Governmental Activities

	2004	2003
Land	\$478,111	\$478,111
Construction in Progress	267,834	0
Buildings and Improvements	24,971,656	25,680,766
Furniture and Equipment	1,178,690	1,321,677
Vehicles	1,421,866	1,266,775
<i>Total Capital Assets</i>	\$28,318,157	\$28,747,329

For fiscal year 2004, capital assets decreased \$429,172. The School District replaced and/or repaired the roofs on several school buildings and purchased new school buses. These increases were offset by the annual depreciation which accounts for the overall decrease in capital assets. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks and instructional materials and supplies. For fiscal year 2004, this amounted to \$619,840 for each set aside. See Note 9 to the basic financial statements for additional information on the School District's capital assets and Note 20 for additional information regarding required set-asides.

***Debt***

At June 30, 2004 the School District had \$22,765,319 in general obligation bonds and manuscript bonds outstanding. Table 5 summarizes the bonds outstanding.

**Table 5**  
 Outstanding Debt at Fiscal Year End  
 Governmental Activities

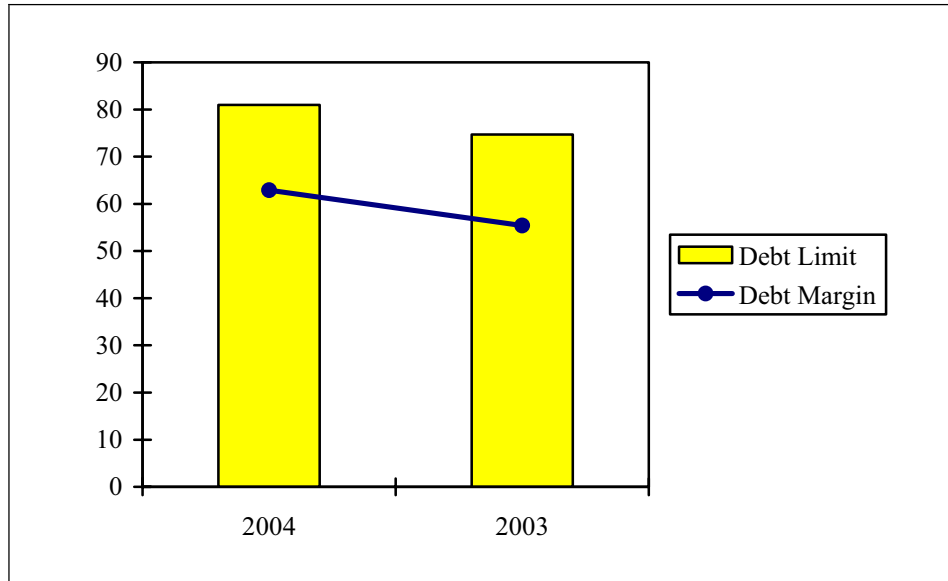
	2004	2003
1993 School Improvement Bonds	\$3,093,866	\$3,554,866
1994 School Improvement Bonds	19,361,453	20,045,313
Manuscript Notes	310,000	0
<i>Total</i>	\$22,765,319	\$23,600,179

The School District's overall legal debt margin increased to \$62.9 million. This is the additional amount of debt the School District could issue. The debt margin increased \$7.5 million from 2003 to 2004 due to the School District paying down current debt and increasing property valuations. See Notes 14 and 15 to the basic financial statements for detail on the School District's short-term and long-term obligations.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

**Graph 3**  
**Legal Debt Margin**  
(in millions)

	2004	2003
Overall Debt Limit	\$81.0	\$74.7
Overall Debt Margin	62.9	55.4



**School District Outlook**

The School District has several challenges and opportunities in the near future. The Auditor of State placed the School District in Fiscal Watch status in May 2002, predicated upon the financial analysis completed by the Treasurer appointed in January 2002. The financial analysis reflected an urgent need for additional operating funds. The Board of Education placed a 5.5 mill operating levy on the November ballot and with the passage of the November 2002 levy the North Royalton City School District is in a sound though ethereal financial position. The School District was released from Fiscal Watch status by the Auditor of State on April 28, 2004. As the preceding information shows, the School District depends heavily on its property taxpayers.

The School District has been successful in continuing to maintain its strong academic programs while maintaining one of the lowest per pupil expenditure levels in Cuyahoga County and experiencing continued enrollment growth. This enrollment growth, along with lower State funding, will present the most significant challenges to the School District in the future.



**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

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Residential development continues to take place in both the cities of North Royalton and Broadview Heights. The School District's enrollment projection, updated in 2004, reflects continuous growth over the next ten years. The School District's facilities are at maximum capacity. As a stopgap measure, the School District has leased four buildings from the City of Broadview Heights to house preschool and kindergarten students beginning in the 2004-2005 school year. This will free classroom space at the elementary level and enable redistricting for a better balance of student enrollment at each of the elementary schools.

The School District contracted with an architectural firm in 2004 to prepare a facilities master plan. The School District is working with a citizen advisory group and the architectural firm to prepare a long-term solution to the facilities issues.

Concomitant with the facilities issue is the need to generate additional operating revenue to meet the demands placed on the School District by the continued growth in its student population as well as the spate of under-funded and unfunded mandates from the State and Federal governments. The School District is working with a separate citizen financial advisory committee to address the operating needs of the district.

The School District has three emergency operating levies coming up for renewal, one in each of the next three calendar years – 2005, 2006 and 2007. One of these emergency levies will need to be renewed and increased to meet the increasing operating costs that come with a growing student population.

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 decision 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.

In conclusion, the North Royalton City School District is in a period posing both significant challenges and opportunities. Management is committed to working with all stakeholders to craft solutions that will most effectively use the available resources to continue to provide an excellent education to the students of the School District.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, 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 Richard McIntosh, Treasurer at North Royalton City School District, 6579 Royalton Road, North Royalton, Ohio 44133 or E-Mail at [rich.mcintosh@lnoca.org](mailto:rich.mcintosh@lnoca.org).

**North Royalton City School District**

*Statement of Net Assets*

*June 30, 2004*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$6,911,620
Investments	310,000
Accounts Receivable	920
Intergovernmental Receivable	365,624
Inventory Held for Resale	17,482
Materials and Supplies Inventory	70,044
Property Taxes Receivable	30,595,487
Nondepreciable Capital Assets	745,945
Depreciable Capital Assets, Net	<u>27,572,212</u>
<i>Total Assets</i>	<u>66,589,334</u>
<b>Liabilities</b>	
Accounts Payable	604,781
Accrued Wages Payable	2,771,786
Contracts Payable	72,000
Matured Compensated Absences Payable	585,239
Intergovernmental Payable	976,569
Deferred Revenue	24,553,670
Accrued Interest Payable	98,126
Notes Payable	310,000
Claims Payable	13,632
Long-Term Liabilities:	
Due Within One Year	1,615,449
Due In More Than One Year	<u>23,426,371</u>
<i>Total Liabilities</i>	<u>55,027,623</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	7,479,257
Restricted for:	
Capital Projects	470,886
Debt Service	2,704,713
Other Purposes	369,575
Unrestricted	<u>537,280</u>
<i>Total Net Assets</i>	<u><u>\$11,561,711</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest		
<b>Governmental Activities</b>					
Instruction:					
Regular	\$17,400,569	\$205,392	\$298,507	\$0	(\$16,896,670)
Special	3,405,594	249,760	22,806	0	(3,133,028)
Vocational	100,839	0	0	0	(100,839)
Support Services:					
Pupil	1,931,083	1,733	16,847	0	(1,912,503)
Instructional Staff	2,544,774	0	569,049	0	(1,975,725)
Board of Education	27,367	0	0	0	(27,367)
Administration	2,676,212	0	34,699	0	(2,641,513)
Fiscal	911,411	0	3,808	0	(907,603)
Business	281,670	57,500	0	0	(224,170)
Operation and Maintenance of Plant	3,188,596	0	62,943	0	(3,125,653)
Pupil Transportation	2,700,384	0	3,249	21,489	(2,675,646)
Central	299,018	0	0	0	(299,018)
Operation of Non-Instructional Services	607,217	0	630,284	0	23,067
Operation of Food Services	1,318,533	1,058,187	151,118	0	(109,228)
Extracurricular Activities	856,680	184,324	16,447	0	(655,909)
Interest and Fiscal Charges	1,453,624	0	0	0	(1,453,624)
<i>Totals</i>	<u>\$39,703,571</u>	<u>\$1,756,896</u>	<u>\$1,809,757</u>	<u>\$21,489</u>	<u>(36,115,429)</u>

**General Revenues**

Property and Other Local Taxes Levied for:

General Purposes	29,363,757
Debt Service	2,747,051
Capital Outlay	858,498
Grants and Entitlements not Restricted to Specific Programs	9,707,794
Investment Earnings	76,094
Gain on Sale of Capital Assets	37,000
Miscellaneous	202,237

*Total General Revenues*

42,992,431

Change in Net Assets

6,877,002

*Net Assets Beginning of Year*

4,684,709

*Net Assets End of Year*

\$11,561,711

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2004*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,502,383	\$1,990,235	\$1,287,575	\$6,780,193
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	21,771	0	0	21,771
Investments	0	310,000	0	310,000
Property Taxes Receivable	27,424,268	2,368,176	803,043	30,595,487
Accounts Receivable	920	0	0	920
Intergovernmental Receivable	298,276	0	67,348	365,624
Interfund Receivable	46,500	0	0	46,500
Inventory Held for Resale	0	0	17,482	17,482
Materials and Supplies Inventory	70,044	0	0	70,044
<i>Total Assets</i>	<u>\$31,364,162</u>	<u>\$4,668,411</u>	<u>\$2,175,448</u>	<u>\$38,208,021</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$222,725	\$0	\$382,056	\$604,781
Contracts Payable	0	0	72,000	72,000
Accrued Wages and Benefits	2,739,686	0	32,100	2,771,786
Interfund Payable	0	0	46,500	46,500
Intergovernmental Payable	598,253	0	12,094	610,347
Matured Compensated Absences Payable	585,239	0	0	585,239
Deferred Revenue	22,358,207	1,886,377	647,806	24,892,390
Accrued Interest Payable	0	0	578	578
Notes Payable	0	0	310,000	310,000
<i>Total Liabilities</i>	<u>26,504,110</u>	<u>1,886,377</u>	<u>1,503,134</u>	<u>29,893,621</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	213,628	0	326,198	539,826
Reserved for Property Taxes	5,032,428	474,266	152,807	5,659,501
Reserved for Bus Purchase	21,771	0	0	21,771
Unreserved:				
Undesignated, Reported in:				
General Fund (Deficit)	(407,775)	0	0	(407,775)
Special Revenue Funds	0	0	354,312	354,312
Debt Service Fund	0	2,307,768	0	2,307,768
Capital Projects Funds (Deficit)	0	0	(161,003)	(161,003)
<i>Total Fund Balances</i>	<u>4,860,052</u>	<u>2,782,034</u>	<u>672,314</u>	<u>8,314,400</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$31,364,162</u>	<u>\$4,668,411</u>	<u>\$2,175,448</u>	<u>\$38,208,021</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2004*

<b>Total Governmental Fund Balances</b>	<b>\$8,314,400</b>
 <i>Amounts reported for governmental activities in the statement of    net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	28,318,157
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	241,373
Tuition and Fees	<u>97,347</u>
Total	338,720
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	96,024
In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due.	(97,548)
Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(366,222)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(2,586,501)
General Obligation Bonds	<u>(22,455,319)</u>
Total	<u>(25,041,820)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$11,561,711</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2004*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$29,178,626	\$2,729,772	\$852,851	\$32,761,249
Intergovernmental	9,295,685	331,572	1,813,137	11,440,394
Interest	76,094	0	3,451	79,545
Tuition and Fees	522,138	0	35,232	557,370
Extracurricular Activities	21,778	0	160,726	182,504
Contributions and Donations	0	0	95,195	95,195
Charges for Services	0	0	1,088,120	1,088,120
Rentals	57,500	0	0	57,500
Miscellaneous	111,030	0	91,207	202,237
<i>Total Revenues</i>	<u>39,262,851</u>	<u>3,061,344</u>	<u>4,139,919</u>	<u>46,464,114</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	16,585,092	0	352,264	16,937,356
Special	3,300,504	0	22,222	3,322,726
Vocational	92,605	0	0	92,605
Support Services:				
Pupil	1,860,132	0	21,766	1,881,898
Instructional Staff	1,827,392	0	543,806	2,371,198
Board of Education	27,367	0	0	27,367
Administration	2,615,136	0	31,324	2,646,460
Fiscal	840,979	38,839	4,885	884,703
Business	279,716	0	0	279,716
Operation and Maintenance of Plant	2,872,825	0	86,491	2,959,316
Pupil Transportation	2,390,142	0	3,430	2,393,572
Central	294,075	0	0	294,075
Operation of Non-Instructional Services	78,800	0	566,640	645,440
Operation of Food Services	0	0	1,283,994	1,283,994
Extracurricular Activities	588,802	0	237,865	826,667
Capital Outlay	0	0	1,255,125	1,255,125
Debt Service:				
Principal Retirement	0	1,435,000	0	1,435,000
Interest and Fiscal Charges	0	844,988	578	845,566
Interest on Capital Appreciation Bonds	0	348,943	0	348,943
<i>Total Expenditures</i>	<u>33,653,567</u>	<u>2,667,770</u>	<u>4,410,390</u>	<u>40,731,727</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,609,284</u>	<u>393,574</u>	<u>(270,471)</u>	<u>5,732,387</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	37,000	37,000
Transfers In	0	0	35,500	35,500
Transfers Out	(35,500)	0	0	(35,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(35,500)</u>	<u>0</u>	<u>72,500</u>	<u>37,000</u>
<i>Net Change in Fund Balances</i>	5,573,784	393,574	(197,971)	5,769,387
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(713,732)</u>	<u>2,388,460</u>	<u>870,285</u>	<u>2,545,013</u>
<i>Fund Balances End of Year</i>	<u>\$4,860,052</u>	<u>\$2,782,034</u>	<u>\$672,314</u>	<u>\$8,314,400</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2004*

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**Net Change in Fund Balances - Total Governmental Funds** \$5,769,387

*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 useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	1,128,129	
Depreciation	<u>(1,557,301)</u>	
Total		(429,172)

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

Property Taxes	208,057	
Tuition and Fees	<u>(128,598)</u>	
Total		79,459

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,435,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities, and the accretion of capital appreciation bonds is reported in the statement of activities.

Accrued Interest on Bonds	31,025	
Bond Accretion	<u>(290,140)</u>	
Total		(259,115)

Some expenses reported in the statement of activities, such as compensated absences and contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	274,989	
Pension Obligation	<u>(38,559)</u>	
Total		236,430

The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statements of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 45,013

*Change in Net Assets of Governmental Activities* \$6,877,002

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$26,428,602	\$26,257,439	\$26,262,559	\$5,120
Intergovernmental	9,354,456	9,293,873	9,295,685	1,812
Interest	81,801	81,271	81,287	16
Tuition and Fees	323,378	321,142	321,209	67
Rentals	56,938	56,569	56,580	11
Extracurricular Activities	21,778	21,778	21,778	0
Miscellaneous	111,731	111,009	111,030	21
<i>Total Revenues</i>	36,378,684	36,143,081	36,150,128	7,047
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	16,996,331	16,996,331	16,802,193	194,138
Special	3,386,176	3,386,176	3,332,990	53,186
Vocational	167,201	167,201	163,660	3,541
Support Services:				
Pupil	1,995,250	1,995,250	1,875,943	119,307
Instructional Staff	1,869,960	1,869,960	1,822,933	47,027
Board of Education	25,578	25,578	25,082	496
Administration	2,794,471	2,794,471	2,677,242	117,229
Fiscal	850,583	850,583	836,667	13,916
Business	288,885	288,885	277,907	10,978
Operation and Maintenance of Plant	3,126,067	3,126,067	2,930,115	195,952
Pupil Transportation	2,483,545	2,483,545	2,385,574	97,971
Central	318,709	318,709	292,870	25,839
Operation of Non-Instructional Services	84,700	84,700	79,664	5,036
Extracurricular Activities	633,900	633,900	590,434	43,466
<i>Total Expenditures</i>	35,021,356	35,021,356	34,093,274	928,082
<i>Excess of Revenues Over Expenditures</i>	1,357,328	1,121,725	2,056,854	935,129
<b>Other Financing Sources (Uses)</b>				
Advances In	169,471	168,373	168,406	33
Advances Out	(111,900)	(111,900)	(111,900)	0
Transfers Out	(35,500)	(35,500)	(35,500)	0
<i>Total Other Financing Sources (Uses)</i>	22,071	20,973	21,006	33
<i>Net Change in Fund Balance</i>	1,379,399	1,142,698	2,077,860	935,162
<i>Fund Balance Beginning of Year</i>	621,752	621,752	621,752	0
Prior Year Encumbrances Appropriated	454,436	454,436	454,436	0
<i>Fund Balance End of Year</i>	\$2,455,587	\$2,218,886	\$3,154,048	\$935,162

See accompanying notes to the basic financial statements



**North Royalton City School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2004*

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	<u>Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$109,656
<b>Liabilities</b>	
Claims Payable	<u>13,632</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$96,024</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2004*

	Insurance
<b>Operating Revenues</b>	
Charges for Services	\$175,080
<b>Operating Expenses</b>	
Purchased Services	23,470
Claims	106,597
<i>Total Operating Expenses</i>	130,067
<i>Change in Net Assets</i>	45,013
<i>Net Assets Beginning of Year</i>	51,011
<i>Net Assets End of Year</i>	\$96,024

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Cash Flows*  
*Internal Service Fund*  
*For the Fiscal Year Ended June 30, 2004*

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	<u>Insurance</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$175,080
Cash Payments for Purchased Services	(23,470)
Cash Payments for Claims	<u>(104,809)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	46,801
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>62,855</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$109,656</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$45,013
Adjustments:	
Decrease in Claims Payable	<u>1,788</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$46,801</u></u>
 See accompanying notes to the basic financial statements	

**North Royalton City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*June 30, 2004*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$265,671</u></u>
<b>Liabilities</b>	
Due to Students	<u><u>\$265,671</u></u>

See accompanying notes to the basic financial statements

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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### **Note 1 - Description of the School District and Reporting Entity**

North Royalton City School District (the "School District") is organized under Article VI, Section 2 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms.

The School District is located in a suburban area south of Cleveland, Ohio. It is located in Cuyahoga County and encompasses nearly all of the City of North Royalton and a smaller portion of the City of Broadview Heights. It is staffed by 243 classified employees and 291 certified personnel who provide services to 4,498 students and other community members. The School District currently operates three elementary buildings, one middle school, one high school, an administrative building, a maintenance garage and a bus garage.

#### ***Reporting Entity***

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments and agencies that are not legally separate from the School District. For North Royalton City School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

Non-public Schools – Within the School District boundaries, there are various non-public schools. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the treasurer of the School District, as directed by the non-public school. These transactions are reported as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District participates in three jointly governed organizations and a shared risk pool. These organizations are the Lakeshore Northeast Ohio Computer Association, Cuyahoga Valley Career Center, Ohio Schools Council Association and the Suburban Health Consortium which are presented in Notes 17 and 19 to the basic financial statements.

### **Note 2 - Summary of Significant Accounting Policies**

The financial statements of North Royalton City 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. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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### **A. Basis of Presentation**

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

**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support 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 governmental function is self-financing or draws from the general revenues of the School District.

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

### **B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

**Bond Retirement Fund** - The bond retirement fund accounts for property tax revenues that are used for payment of principal and interest and fiscal charges on general obligation debt.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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The other governmental funds of the School District account for grants and other resources whose uses are restricted to a particular purpose.

***Proprietary Funds*** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows and are classified as either enterprise or internal service; the School District has no enterprise funds.

***Internal Service Fund*** The internal service fund accounts for financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self-insurance fund that accounts for vision benefits of the School District's employees.

***Fiduciary Funds*** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

### ***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (e.g., expenses) in total net assets.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund is included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

### ***D. Basis of Accounting***

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

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, and student fees.

**Deferred Revenue** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also 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.

**Expenditures/Expenses** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

### **E. Budgetary Process**

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



## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004*

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The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that were in effect at the time the original and final appropriations were passed by the Board of Education.

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

#### ***F. Cash and Investments***

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2004, investments were limited to repurchase agreements, manuscript notes, federal home loan mortgage notes, federal home loan bank bonds, federal national mortgage association bonds, federal home loan mortgage corporations bonds and STAROhio, the State Treasurer's Investment Pool.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$76,094, which includes \$34,881 assigned from other School District funds.

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

#### ***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

#### ***H. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated and purchased food held for resale and materials and supplies held for consumption.

**North Royalton City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2004*

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***I. Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund represent unspent resources restricted for the purchase of buses.

***J. Capital Assets***

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. 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.

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

Description	Estimated Lives
Buildings and Improvements	40 years
Furniture and Equipment	5 - 10 years
Vehicles	10 years

***K. Interfund Balances***

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

***L. 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.

Sick leave benefits are accrued as a liability using the termination 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.

## **North Royalton City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2004*

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On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave is paid.

### ***M. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary fund are reported on the proprietary fund financial statements.

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

### ***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. Net assets restricted for other purposes include food service operations and extracurricular activities.

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

### ***O. Fund Balance Reserves***

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

### ***P. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for the self insurance program. Operating expenses are necessary costs that are incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

**North Royalton City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2004*

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***Q. Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***R. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

***S. Estimates***

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

**Note 3 - Change in Accounting Principles**

For fiscal year 2004, the School District has implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government. The implementation of GASB Statement No. 39 did not affect the reporting entity of the School District.

**Note 4 – Fund Deficits**

Fund balances at June 30, 2004, included the following individual fund deficits:

<b><i>Special Revenue Funds:</i></b>	
Student Reading Intervention	\$1,524
Entry Year Program Grant	226
Title VI-B	2,221
Drug Free Schools Grant	3,391
<b><i>Capital Projects Fund:</i></b>	
Building	268,412

The deficits in the special revenue funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

The capital projects fund deficit is the result of the issuance of short-term bond anticipation notes which are used to finance the project until bonds are issued. Once the notes are retired or bonds are issued, this deficit will be eliminated.

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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**Note 5 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund 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 as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments are reported at cost (budget) rather than fair value (GAAP).
5. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$5,573,784
Net Adjustment for Revenue Accruals	(3,117,916)
Advances In	168,406
Ending Fair Value Adjustment for Investments	5,193
Net Adjustment for Expenditure Accruals	(64,408)
Advances Out	(111,900)
Encumbrances	(375,299)
Budget Basis	\$2,077,860

**Note 6 - 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.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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Inactive deposits are public deposits that the School District's Board of Education has identified as not required for use within the current five 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 as savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the 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 (STAROhio);
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 rates in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

**Deposits** At year-end, the carrying amount of the School District's deposits was \$159,493 and the bank balance was \$520,674. Of the bank balance

1. \$100,000 was covered by federal depository insurance and,
2. \$420,674 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the School District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal 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 for which the securities are held by the counterparty'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 counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category		Carrying Value	Fair Value
	1	3		
Manuscript Notes	\$310,000		\$310,000	\$310,000
Repurchase Agreement		2,700,593	2,700,593	2,700,593
Federal Home Loan Mortgage Notes		499,490	499,490	499,490
Federal Home Loan Bank Bonds		494,684	494,684	494,684
Federal National Mortgage Association Bonds		497,433	497,433	497,433
Federal Home Loan Mortgage Corporation Bonds		499,958	499,958	499,958
STAROhio			2,325,640	2,325,640
Total	\$310,000	\$4,692,158	\$7,327,798	\$7,327,798

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$7,177,291	\$310,000
Investments which are part of the cash management pool:		
Repurchase Agreement	(2,700,593)	2,700,593
Federal Home Loan Mortgage Notes	(499,490)	499,490
Federal Home Loan Bank Bonds	(494,684)	494,684
Federal National Mortgage Association Bonds	(497,433)	497,433
Federal Home Loan Mortgage Corporation Bonds	(499,958)	499,958
STAROhio	(2,325,640)	2,325,640
	<u>\$159,493</u>	<u>\$7,327,798</u>
GASB Statement No. 3		

### **Note 7 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market 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.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments 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



## North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Cuyahoga County. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, the late settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004 was \$5,032,428 in the general fund, \$474,266 in the bond retirement debt service fund, and \$152,807 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2003 was \$2,247,341 in the general fund, \$224,633 in the bond retirement debt service fund, and \$66,247 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor as well as the collection on the 5.5 mill operating levy passed in November 2002.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

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

	2003 First Half Collections		2004 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$778,973,800	93.87 %	\$850,858,880	94.54 %
Public Utility Personal	20,709,590	2.50	20,459,520	2.27
Tangible Personal Property	30,116,086	3.63	28,710,170	3.19
Total	<u>\$829,799,476</u>	<u>100.00 %</u>	<u>\$900,028,570</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$63.50		\$62.10	

### Note 8 - Receivables

Receivables at June 30, 2004, consisted of taxes, tuition and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2004

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable	Amount
Tuition	\$298,276
Title VI-B	40,467
Food Service	16,923
Immigrant Education	3,470
Student Reading Intervention	3,422
Class Size Reduction Grant	3,066
Total	\$365,624

**Note 9 – Capital Assets**

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

	Balance 06/30/03	Additions	Deductions	Balance 06/30/04
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$478,111	\$0	\$0	\$478,111
Construction in Progress	0	267,834	0	267,834
<i>Total Capital Assets not being Depreciated</i>	478,111	267,834	0	745,945
<b><i>Capital Assets being Depreciated:</i></b>				
Buildings and Improvements	39,844,511	228,278	0	40,072,789
Furniture and Equipment	4,937,709	226,893	(42,470)	5,122,132
Vehicles	2,804,943	405,124	(48,206)	3,161,861
<i>Total Capital Assets being Depreciated</i>	47,587,163	860,295	(90,676)	48,356,782
Less Accumulated Depreciation:				
Buildings and Improvements	(14,163,745)	(937,388)	0	(15,101,133)
Furniture and Equipment	(3,616,032)	(369,880)	42,470	(3,943,442)
Vehicles	(1,538,168)	(250,033)	48,206	(1,739,995)
<i>Total Accumulated Depreciation</i>	(19,317,945)	(1,557,301) *	90,676	(20,784,570)
<i>Total Assets being Depreciated, Net</i>	28,269,218	(697,006)	0	27,572,212
<i>Governmental Activities Capital Assets, Net</i>	\$28,747,329	(\$429,172)	\$0	\$28,318,157

## North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

\*Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$653,795
Special	72,929
Vocational	6,702
Support Services:	
Pupil	45,324
Instructional Staff	153,234
Administration	60,825
Fiscal	5,658
Business	2,047
Operation and Maintenance of Plant	132,794
Pupil Transportation	231,104
Central	16,542
Operation of Non-Instructional Services	29,215
Operation of Food Service	87,579
Extracurricular Activities	59,553
Total Depreciation Expense	<u>\$1,557,301</u>

### Note 10 - Risk Management

#### A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the School District contracted with various insurance companies through the Ohio Schools Council Association insurance program. The following is a summary of the School District's insurance coverage as of June 30, 2004:

Company	Coverage	Amount
Travelers Insurance Company	Boiler and Machinery	\$30,000,000
Indiana Insurance Company	Buildings and Contents - replacement costs	85,098,411
	Inland Marine Coverage	3,593,505
	Crime Insurance	15,000
	Automobile Liability	1,000,000
	Uninsured Motorists	50,000
	General Liability	
	Per occurrence	1,000,000
	Total per year	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year. All employees of the School District are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage.

**North Royalton City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2004*

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***B. Employee Health Benefits***

The School District is fully insured by participating in the Suburban Health Consortium, a shared risk pool (Note 19) to provide employee medical/surgical benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The School District's Board of Education pays the entire cost of a monthly premium for all full-time employees.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance or the Directors have the right to hold monies for an existing school district subsequent to the settlement of all expenses and claims.

***C. Self-Insurance***

The School District provides vision benefits for its employees and their covered dependents through its self-insurance fund. Vision Service Plan (VSP) administers the plan and reviews all claims paid by the School District.

The claims liability of \$13,632 reported in the internal service fund at June 30, 2004 is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 2003 and 2004 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2003	\$11,933	\$124,753	\$124,842	\$11,844
2004	11,844	106,597	104,809	13,632

***D. Workers' Compensation***

The School District pays the State Self Insurance and Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 11 - Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004*

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Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$469,853, \$395,302 and \$266,282 respectively; 50.47 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

#### ***B. State Teachers Retirement System***

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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.

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$2,195,017, \$2,188,508 and \$1,531,929 respectively; 84.85 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$15,441 made by the School District and \$53,845 made by the plan members.

### **Note 12 - 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-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board 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 health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$168,847 for fiscal year 2004.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2003, (the latest information available) the balance in the Fund was \$2.8 billion. For the year ended June 30, 2003, net health care costs paid by STRS were \$352,301,000 and STRS had 108,294 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll, a decrease of .92 percent from fiscal year 2003. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established as \$25,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2004 fiscal year equaled \$357,174.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2004

**Note 13 - Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and the treasurer earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and the treasurer 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. A percentage of unused sick time is paid at retirement. All employees who are eligible to retire receive a severance benefit upon retirement limited to twenty-five percent of accumulated sick leave. For classified employees the maximum pay out is limited to eighty days. For certified employees and certain administrators, the maximum payout is determined by their individual contracts.

**B. Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees from Anthem Life Insurance through the Suburban Health Insurance Consortium.

**Note 14 - Long-Term Obligations**

Original issue amounts and interest rates of the School District's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
1993 School Improvement Bonds:			
Capital Appreciation Bonds	8.85% to 9.95%	\$1,145,000	2003 to 2005
Current Issue Term Bonds	5.65%	1,109,994	2008
1994 School Improvement Bonds:			
Current Interest Serial Bonds	3.85% to 5.5%	5,535,715	2003 to 2004
Capital Appreciation Bonds	9.5%	810,715	2007 to 2009
Current Issue Term Bonds	6.0% to 6.625%	16,410,000	2006 to 2019

Changes in long-term obligations of the School District during fiscal year 2003 were as follows:

	Principal Outstanding 6/30/03	Additions	Deductions	Principal Outstanding 6/30/04	Amounts Due in One Year
	<b>General Obligation Bonds</b>				
1993 School Improvement Bonds					
Capital Appreciation Bonds Accretion on Capital Appreciation Bonds	\$621,408	\$0	\$221,057	\$400,351	\$206,961
Current Interest Term Bonds	893,458	109,000	348,943	653,515	363,039
	2,040,000	0	0	2,040,000	0
<b>Total 1993 School Improvement Bonds</b>	<b>\$3,554,866</b>	<b>\$109,000</b>	<b>\$570,000</b>	<b>\$3,093,866</b>	<b>\$570,000</b>

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

	Principal Outstanding 6/30/03	Additions	Deductions	Principal Outstanding 6/30/04	Amounts Due in One Year
1994 School Improvement Bonds					
Current Interest Serial Bonds	\$1,775,000	\$0	\$865,000	\$910,000	\$910,000
Capital Appreciation Bonds	810,715	0	0	810,715	0
Accretion on Capital					
Appreciation Bonds	1,049,598	181,140	0	1,230,738	0
Current Interest Term Bonds	16,410,000	0	0	16,410,000	0
Total 1994 School Improvement Bonds	<u>20,045,313</u>	<u>181,140</u>	<u>865,000</u>	<u>19,361,453</u>	<u>910,000</u>
<i>Total General Obligation Bonds</i>	23,600,179	290,140	1,435,000	22,455,319	1,480,000
<b><i>Other Long-Term Obligations</i></b>					
Compensated Absences	<u>2,861,490</u>	<u>84,007</u>	<u>358,996</u>	<u>2,586,501</u>	<u>135,449</u>
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$26,461,669</u>	<u>\$374,147</u>	<u>\$1,793,996</u>	<u>\$25,041,820</u>	<u>\$1,615,449</u>

Compensated absences will be paid from the general and food service, title VI-B and preschool grant special revenue funds.

On December 1, 1993, the School District issued \$6,749,994 in voted general obligation bonds which included serial, term and capital appreciation (deep discount) bonds in the amounts of \$4,495,000, \$1,109,994 and \$1,145,000, respectively. The general obligation bonds were issued for the purpose of renovation at the North Royalton City Schools. The bonds were issued for a fifteen year period with final maturity at December 1, 2008. The bonds will be retired from the debt service fund. The bond was originally a 1988 building improvement bond which was refinanced to take advantage of lower interest rates.

At June 30, 2004 the full amount of the serial bonds had been retired by the School District through annual debt service repayments.

The capital appreciation and current issue term bonds remained outstanding at June 30, 2004. The capital appreciation bonds were originally sold at a discount of \$1,745,006, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2003 through 2005. The current issue term bonds will be repaid through annual debt service repayments during fiscal years 2007 through 2009.

During fiscal year 2004 capital appreciation bonds matured and were retired with an original principal amount of \$221,057 and an accreted interest amount of \$348,943 (for a total of \$570,000). The maturity amount of outstanding capital appreciation bonds at June 30, 2004 is \$1,140,000. The accretion recorded for 2004 was \$109,000, for a total outstanding bond liability of \$1,053,866 at June 30, 2004.

On December 1, 1994, the School District issued \$22,756,430 in voted general obligation bonds which included serial, term and capital appreciation (deep discount) bonds in the amount of \$5,535,715, \$16,410,000 and \$810,715, respectively. The general obligation bonds were issued for the purpose of building a new middle school. The bonds were issued for a twenty-five year period with final maturity at December 1, 2019. The bonds will be retired from the debt service fund.



**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

The serial, capital appreciation and current issue term bonds remained outstanding at June 30, 2004. The current issue term bonds will be repaid through annual debt service repayments through fiscal year 2005. The capital appreciation bonds were originally sold at a discount of \$2,254,285, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2007 through 2009. The current issue term bonds will be repaid through annual debt service repayments during fiscal years 2007 through 2019.

The maturity amount of outstanding capital appreciation bonds at June 30, 2004 is \$3,065,000. The accretion recorded for 2004 was \$181,140, for a total outstanding bond liability of \$2,041,453 at June 30, 2004.

The School District's overall debt margin was \$62,903,539 with an unvoted debt margin of \$900,029 at June 30, 2004. Principal and interest requirements to retire the general obligation bonds follow:

	General Obligation Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$0	\$115,260	\$910,000	\$1,030,291	\$206,961	\$363,039
2006	960,000	1,088,726	0	0	193,390	376,610
2007	1,675,000	1,004,611	0	0	0	0
2008	685,000	932,944	0	0	296,594	728,406
2009	705,000	893,676	0	0	268,984	751,016
2010-2014	4,785,000	3,815,150	0	0	245,137	774,863
2015-2019	7,785,000	1,807,808	0	0	0	0
2020	1,855,000	56,577	0	0	0	0
Total	<u>\$18,450,000</u>	<u>\$9,714,752</u>	<u>\$910,000</u>	<u>\$1,030,291</u>	<u>\$1,211,066</u>	<u>\$2,993,934</u>

In 1993, the School District defeased a 1988 building improvement bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2003, \$1,822,063 of the defeased bonds are still outstanding.

**Note 15 – Fund Obligations**

On May 28, 2004 the School District issued a \$310,000 bond anticipation note at an interest rate of 2 percent. The bond anticipation notes were issued for the purchase and installation of a voice over internet phone system. The note is backed by the full faith and credit of North Royalton City School District and matures within one year. The note liability is reflected in the fund which received the proceeds.

**Note 16 – Interfund Transaction**

**A. Interfund Transfers**

The general fund made transfers to the athletics and music special revenue fund of the amount of \$35,500. The reason for the transfer was to help provide funding for fiscal year 2004.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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***B. Interfund Balance***

<u>Interfund Payable</u>	<u>Interfund Receivable General</u>
Nonmajor Special Revenue Funds:	
Title VI-B	\$39,850
Immigrant Education	2,900
Drug Free Schools Grant	3,750
<i>Total All Funds</i>	<u><u>\$46,500</u></u>

Interfund receivables and payables are due to the timing of the receipt of grant monies received by the various funds. The general fund provides temporary funding of the program until the grant dollars are received.

**Note 17 - Jointly Governed Organizations**

***Lakeshore Northeast Ohio Computer Association*** – The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau owned and operated by eleven public school districts. The primary function of LNOCA is to provide data services to the eleven member districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the LNOCA Board of Directors by its superintendent. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Director. The School District paid \$64,852 for fiscal year 2004. Each school district supports LNOCA based upon a per student charge dependent upon the software package used. The Cuyahoga County Education Service Center serves as the fiscal agent of LNOCA. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valleyview, OH 44125.

***Cuyahoga Valley Career Center*** - The Cuyahoga Valley Career Center is a joint vocational school which is a jointly governed organization among eleven school districts. Each participating school district appoints one board member to the Cuyahoga Valley Career Center's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participants control over the operation of the Cuyahoga Valley Career Center is limited to representation on the board. Continued existence of the Cuyahoga Valley Career Center is not dependent on the School District's continued participation. The School District made no contribution for fiscal year 2004. Financial information can be obtained from the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio 44101.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**Ohio Schools Council Association** - The Ohio Schools' Council Association (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2004, the School District paid \$127,536 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Suite 10 Independence, Ohio 44131.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

In 1997, Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

### **Note 18 - Contingencies**

#### ***A. Grants***

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

#### ***B. Litigation***

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**Note 19 – Shared Risk Pool**

The Suburban Health Consortium is a shared risk pool created pursuant to State Statute for the purpose of administering health care benefits. The consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from the charges for services received from the participating schools districts, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part at any time for their School District. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract.

**Note 20 - Set-Aside Calculations**

The School District is required by State statute to annually set aside in the general fund an amount based on a 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2003	(\$374,651)	\$157,259
Current Year Set-aside Requirement	619,840	619,840
Current Year Offsets	0	0
Qualifying Disbursements	<u>(647,903)</u>	<u>(863,967)</u>
Totals	<u>(\$402,714)</u>	<u>(\$86,868)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$402,714)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2004	<u>\$0</u>	<u>\$0</u>

The School District has qualifying disbursements and offsets during the fiscal year that reduced the textbooks set-aside amount below zero. The negative set-aside balance for the textbooks may be used to reduce the set-aside requirement of future years.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004*

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**Note 21 - State 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 decision 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 its future State funding and on its financial operations.

## ***Combining and Individual Fund Statements and Schedules***

### **Combining Statements – Nonmajor Governmental Funds**

#### ***Nonmajor Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes. Following is a description of the School District's nonmajor special revenue funds:

***Food Service Fund*** – To account for the grants and charges for services related to the food service operations of the School District.

***Scholarship Fund*** – To account for assets held by the School District for individuals and/or private organizations which benefit the student body or the local community.

***Adult Education Fund*** – To account for revenues and expenses involved in upgrading and retraining out-of-school youths and adults for the purpose of improving their skills and knowledge in their occupation or planned occupation as well as providing educational services including preschool.

***Public School Support Fund*** – To account for school site sales revenue and expenditure for field trips, assemblies and other activity costs.

***Local Grants Fund*** – To account for funds received to promote community involvement and volunteer activities between the school and community.

***Athletics and Music Fund*** – To account for gate receipts and other revenues from athletic events and all costs (except supplemental coaching contracts) of the School District's Athletic Program and transportation of the band to and from athletic events.

***Auxiliary Services Fund*** – To account for services to non-public schools within the School District which are provided for in state law. Funds are primarily for educational supplies, materials, and testing.

***Educational Management Information Systems Fund*** – To account State monies which are used solely for costs associated with the requirements of the education management information system.

***Network Connectivity Fund*** – To account for money appropriated for Ohio Educational Computer Network Connections.

***SchoolNet Professional Development Fund*** – To account for State monies used to support technology training of teachers.

***Ohio Reads Grant Fund*** – To account for State monies used to improve reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public schools and costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

***Student Reading Intervention Fund*** – To account for State monies used for increasing student reading comprehension.

***Entry Year Program Fund*** – To account for Federal and State monies used for teacher mentoring.

(continued)

## Combining Statements – Nonmajor Governmental Funds (continued)

### *Nonmajor Special Revenue Funds (continued)*

***Eisenhower Math and Science Fund*** – To account for Federal monies used for strengthening instruction in science, mathematics, modern foreign languages, English, the arts, and computer training.

***Title VI-B Fund*** – To account for Federal revenues that assist states in identification of handicapped children and provide full educational opportunities to handicapped children at the preschool, elementary and secondary levels. It also accounts for Federal monies used to implement a variety of programs intended to provide instruction for early childhood education.

***Immigrant Education Fund*** – To account for Federal revenues received for programs to assist in the public education of immigrants.

***Refugee Children Fund*** – To account for Federal revenues relating to educational and social services for eligible immigrant students.

***Title V Fund*** – This fund accounts for Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

***Drug Free Schools Grant Fund*** – To account for Federal monies which support the implementation of programs for drug abuse education and prevention.

***Preschool Grant Fund*** – To account for Federal monies which provide for the cost of developing a public school preschool for handicapped and non-handicapped children.

***Class Size Reduction Grant Fund*** – To account for various monies to hire additional classroom teachers so the number of students per teacher will be reduced.

***Assistive Technology Infusion Fund*** – To account for Federal monies used primarily for assistive mobility and learning devices for orthopedically handicapped students

### *Nonmajor Capital Projects Funds*

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Following is a description of the nonmajor capital projects funds:

***Permanent Improvement Fund*** – To account for all transactions related to the acquiring, construction, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

***Building Fund*** – To account for monies used for the building, restoration or improvement of the School District property.

***SchoolNet Plus Fund*** - To account for State monies providing for computer hardware and wiring for buildings for kindergarten through fourth grade.

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2004*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$559,304	\$728,271	\$1,287,575
Property Taxes Receivable	0	803,043	803,043
Intergovernmental Receivable	67,348	0	67,348
Inventory Held for Resale	17,482	0	17,482
<i>Total Assets</i>	<u>\$644,134</u>	<u>\$1,531,314</u>	<u>\$2,175,448</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$77,661	\$304,395	\$382,056
Contracts Payable	0	72,000	72,000
Accrued Wages and Benefits	32,100	0	32,100
Interfund Payable	46,500	0	46,500
Intergovernmental Payable	12,094	0	12,094
Deferred Revenue	0	647,806	647,806
Accrued Interest Payable	0	578	578
Notes Payable	0	310,000	310,000
<i>Total Liabilities</i>	<u>168,355</u>	<u>1,334,779</u>	<u>1,503,134</u>
 <b>Fund Balances</b>			
Reserved for Encumbrances	121,467	204,731	326,198
Reserved for Property Taxes	0	152,807	152,807
Unreserved:			
Undesignated, Reported in:			
Special Revenue Funds	354,312	0	354,312
Capital Projects Fund (Deficit)	0	(161,003)	(161,003)
<i>Total Fund Balances</i>	<u>475,779</u>	<u>196,535</u>	<u>672,314</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$644,134</u>	<u>\$1,531,314</u>	<u>\$2,175,448</u>



**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2004*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property and Other Local Taxes	\$0	\$852,851	\$852,851
Intergovernmental	1,711,111	102,026	1,813,137
Interest	3,451	0	3,451
Tuition and Fees	35,232	0	35,232
Extracurricular Activities	160,726	0	160,726
Contributions and Donations	95,195	0	95,195
Charges for Services	1,088,120	0	1,088,120
Miscellaneous	21,655	69,552	91,207
<i>Total Revenues</i>	<u>3,115,490</u>	<u>1,024,429</u>	<u>4,139,919</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	352,264	0	352,264
Special	22,222	0	22,222
Support Services:			
Pupil	21,766	0	21,766
Instructional Staff	543,806	0	543,806
Administration	31,324	0	31,324
Fiscal	4,885	0	4,885
Operation and Maintenance of Plant	86,491	0	86,491
Pupil Transportation	3,430	0	3,430
Operation of Non-Instructional Services	566,640	0	566,640
Operation of Food Services	1,283,994	0	1,283,994
Extracurricular Activities	237,865	0	237,865
Capital Outlay	39,903	1,215,222	1,255,125
Debt Service:			
Interest and Fiscal Charges	0	578	578
<i>Total Expenditures</i>	<u>3,194,590</u>	<u>1,215,800</u>	<u>4,410,390</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(79,100)</u>	<u>(191,371)</u>	<u>(270,471)</u>
<b>Other Financing Sources</b>			
Sale of Capital Assets	0	37,000	37,000
Transfers In	35,500	0	35,500
<i>Total Other Financing Sources</i>	<u>35,500</u>	<u>37,000</u>	<u>72,500</u>
<i>Net Change in Fund Balances</i>	(43,600)	(154,371)	(197,971)
<i>Fund Balances Beginning of Year</i>	<u>519,379</u>	<u>350,906</u>	<u>870,285</u>
<i>Fund Balances End of Year</i>	<u>\$475,779</u>	<u>\$196,535</u>	<u>\$672,314</u>

**North Royalton City School District**

*Combining Balance Sheet*

*Nonmajor Special Revenue Funds*

*June 30, 2004*

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	<u>Food Service</u>	<u>Scholarship</u>	<u>Adult Education</u>	<u>Public School Support</u>
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$89,420	\$1,700	\$63,272	\$32,186
Intergovernmental Receivable	16,923	0	0	0
Inventory Held for Resale	17,482	0	0	0
	<u>123,825</u>	<u>1,700</u>	<u>63,272</u>	<u>32,186</u>
<i>Total Assets</i>	<u>\$123,825</u>	<u>\$1,700</u>	<u>\$63,272</u>	<u>\$32,186</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$958	\$0	\$0	\$0
Accrued Wages and Benefits	30,529	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	3,188	0	0	0
	<u>34,675</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>34,675</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	277	0	0	249
Unreserved, Undesignated (Deficit)	88,873	1,700	63,272	31,937
	<u>89,150</u>	<u>1,700</u>	<u>63,272</u>	<u>32,186</u>
<i>Total Fund Balances (Deficit)</i>	<u>89,150</u>	<u>1,700</u>	<u>63,272</u>	<u>32,186</u>
	<u>123,825</u>	<u>1,700</u>	<u>63,272</u>	<u>32,186</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$123,825</u>	<u>\$1,700</u>	<u>\$63,272</u>	<u>\$32,186</u>

<u>Local Grants</u>	<u>Athletics and Music</u>	<u>Auxiliary Services</u>	<u>Educational Management Information Systems</u>	<u>Network Connectivity</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>
\$71,492	\$57,310	\$186,659	\$6,408	\$3,182	\$1,150	\$7,619
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$71,492</u>	<u>\$57,310</u>	<u>\$186,659</u>	<u>\$6,408</u>	<u>\$3,182</u>	<u>\$1,150</u>	<u>\$7,619</u>
\$23,050	\$6,140	\$18,153	\$0	\$440	\$420	\$1,866
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>23,050</u>	<u>6,140</u>	<u>18,153</u>	<u>0</u>	<u>440</u>	<u>420</u>	<u>1,866</u>
1,737	14,398	94,468	0	0	0	4,604
46,705	36,772	74,038	6,408	2,742	730	1,149
<u>48,442</u>	<u>51,170</u>	<u>168,506</u>	<u>6,408</u>	<u>2,742</u>	<u>730</u>	<u>5,753</u>
<u>\$71,492</u>	<u>\$57,310</u>	<u>\$186,659</u>	<u>\$6,408</u>	<u>\$3,182</u>	<u>\$1,150</u>	<u>\$7,619</u>

(continued)

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2004*

	Student Reading Intervention	Entry Year Program	Title VI-B	Immigrant Education
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$1,465	\$0	\$2,958	\$2,245
Intergovernmental Receivable	3,422	0	40,467	3,470
Inventory Held for Resale	0	0	0	0
<i>Total Assets</i>	<u>\$4,887</u>	<u>\$0</u>	<u>\$43,425</u>	<u>\$5,715</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$1,956	\$211
Accrued Wages and Benefits	0	0	1,571	0
Interfund Payable	0	0	39,850	2,900
Intergovernmental Payable	6,411	226	2,269	0
<i>Total Liabilities</i>	<u>6,411</u>	<u>226</u>	<u>45,646</u>	<u>3,111</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	1,058	0	1,657	211
Unreserved, Undesignated (Deficit)	(2,582)	(226)	(3,878)	2,393
<i>Total Fund Balances (Deficit)</i>	<u>(1,524)</u>	<u>(226)</u>	<u>(2,221)</u>	<u>2,604</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,887</u>	<u>\$0</u>	<u>\$43,425</u>	<u>\$5,715</u>

<u>Refugee Children</u>	<u>Title V</u>	<u>Drug Free Schools Grant</u>	<u>Class Size Reduction Grant</u>	<u>Assistive Technology Infusion</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$285	\$4,351	\$512	\$4,150	\$22,940	\$559,304
0	0	0	3,066	0	67,348
0	0	0	0	0	17,482
<u>\$285</u>	<u>\$4,351</u>	<u>\$512</u>	<u>\$7,216</u>	<u>\$22,940</u>	<u>\$644,134</u>
\$0	\$0	\$153	\$3,188	\$21,126	\$77,661
0	0	0	0	0	32,100
0	0	3,750	0	0	46,500
0	0	0	0	0	12,094
0	0	3,903	3,188	21,126	168,355
0	0	0	994	1,814	121,467
285	4,351	(3,391)	3,034	0	354,312
285	4,351	(3,391)	4,028	1,814	475,779
<u>\$285</u>	<u>\$4,351</u>	<u>\$512</u>	<u>\$7,216</u>	<u>\$22,940</u>	<u>\$644,134</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2004*

	Food Service	Scholarship	Adult Education	Public School Support	Local Grants
<b>Revenues</b>					
Intergovernmental	\$149,374	\$0	\$0	\$0	\$0
Interest	1,744	0	0	0	0
Tuition and Fees	0	0	33,208	204	0
Extracurricular Activities	0	0	0	0	0
Contributions and Donations	0	2,000	0	10,228	66,520
Charges for Services	1,058,187	0	0	29,933	0
Miscellaneous	9,760	0	6,038	5,857	0
<i>Total Revenues</i>	<u>1,219,065</u>	<u>2,000</u>	<u>39,246</u>	<u>46,222</u>	<u>66,520</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	0	39,043	26,647	4,899
Special	0	0	0	0	0
Support Services:					
Pupil	0	0	0	1,626	0
Instructional Staff	0	0	0	0	0
Administration	0	0	0	0	0
Fiscal	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	86,196
Pupil Transportation	0	0	0	0	0
Operation of Non-Instructional Services	0	2,300	0	0	0
Operation of Food Services	1,283,994	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Capital Outlay	0	0	0	0	39,903
<i>Total Expenditures</i>	<u>1,283,994</u>	<u>2,300</u>	<u>39,043</u>	<u>28,273</u>	<u>130,998</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(64,929)	(300)	203	17,949	(64,478)
<b>Other Financing Sources</b>					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(64,929)	(300)	203	17,949	(64,478)
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>154,079</u>	<u>2,000</u>	<u>63,069</u>	<u>14,237</u>	<u>112,920</u>
<i>End of Year</i>	<u><u>\$89,150</u></u>	<u><u>\$1,700</u></u>	<u><u>\$63,272</u></u>	<u><u>\$32,186</u></u>	<u><u>\$48,442</u></u>

Athletics and Music	Auxiliary Services	Educational Management Information Systems	Network Connectivity	SchoolNet Professional Development	Ohio Reads Grant	Student Reading Intervention
\$0	\$589,089	\$16,177	\$18,000	\$4,140	\$26,491	\$78,844
0	1,707	0	0	0	0	0
1,820	0	0	0	0	0	0
160,726	0	0	0	0	0	0
16,447	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
178,993	590,796	16,177	18,000	4,140	26,491	78,844
0	0	0	15,258	6,562	23,994	80,368
0	0	0	0	0	0	0
0	0	15,866	0	0	0	0
0	0	0	0	116	528	0
0	0	0	0	0	0	0
0	0	4,885	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	3,430	0
0	528,640	0	0	0	0	0
0	0	0	0	0	0	0
237,865	0	0	0	0	0	0
0	0	0	0	0	0	0
237,865	528,640	20,751	15,258	6,678	27,952	80,368
(58,872)	62,156	(4,574)	2,742	(2,538)	(1,461)	(1,524)
35,500	0	0	0	0	0	0
(23,372)	62,156	(4,574)	2,742	(2,538)	(1,461)	(1,524)
74,542	106,350	10,982	0	3,268	7,214	0
\$51,170	\$168,506	\$6,408	\$2,742	\$730	\$5,753	(\$1,524)

(continued)

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Fiscal Year Ended June 30, 2004*

	Entry Year Program	Eisenhower Math and Science	Title VI-B	Immigrant Education	Refugee Children
<b>Revenues</b>					
Intergovernmental	\$26,400	\$0	\$620,431	\$10,476	\$2,000
Interest	0	0	0	0	0
Tuition and Fees	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Charges for Services	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>26,400</u>	<u>0</u>	<u>620,431</u>	<u>10,476</u>	<u>2,000</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	26,571	0	11,123	7,462	1,901
Special	0	0	22,222	0	0
Support Services:					
Pupil	0	0	1,248	0	0
Instructional Staff	0	3	492,486	410	0
Administration	0	0	31,324	0	0
Fiscal	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Operation of Non-Instructional Services	0	0	34,406	0	0
Operation of Food Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
<i>Total Expenditures</i>	<u>26,571</u>	<u>3</u>	<u>592,809</u>	<u>7,872</u>	<u>1,901</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(171)	(3)	27,622	2,604	99
<b>Other Financing Sources</b>					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(171)	(3)	27,622	2,604	99
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(55)</u>	<u>3</u>	<u>(29,843)</u>	<u>0</u>	<u>186</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$226)</u>	<u>\$0</u>	<u>(\$2,221)</u>	<u>\$2,604</u>	<u>\$285</u>



<u>Title V</u>	<u>Drug Free Schools Grant</u>	<u>Preschool Grant</u>	<u>Class Size Reduction Grant</u>	<u>Assistive Technology Infusion</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$30,833	\$10,425	\$17,670	\$89,141	\$21,620	\$1,711,111
0	0	0	0	0	3,451
0	0	0	0	0	35,232
0	0	0	0	0	160,726
0	0	0	0	0	95,195
0	0	0	0	0	1,088,120
0	0	0	0	0	21,655
<u>30,833</u>	<u>10,425</u>	<u>17,670</u>	<u>89,141</u>	<u>21,620</u>	<u>3,115,490</u>
23,348	9,066	0	53,836	22,186	352,264
0	0	0	0	0	22,222
0	3,026	0	0	0	21,766
3,796	0	17,601	28,866	0	543,806
0	0	0	0	0	31,324
0	0	0	0	0	4,885
0	0	0	295	0	86,491
0	0	0	0	0	3,430
879	0	0	415	0	566,640
0	0	0	0	0	1,283,994
0	0	0	0	0	237,865
0	0	0	0	0	39,903
<u>28,023</u>	<u>12,092</u>	<u>17,601</u>	<u>83,412</u>	<u>22,186</u>	<u>3,194,590</u>
2,810	(1,667)	69	5,729	(566)	(79,100)
0	0	0	0	0	35,500
2,810	(1,667)	69	5,729	(566)	(43,600)
<u>1,541</u>	<u>(1,724)</u>	<u>(69)</u>	<u>(1,701)</u>	<u>2,380</u>	<u>519,379</u>
<u>\$4,351</u>	<u>(\$3,391)</u>	<u>\$0</u>	<u>\$4,028</u>	<u>\$1,814</u>	<u>\$475,779</u>

**North Royalton City School District**

*Combining Balance Sheet*

*Nonmajor Capital Projects Funds*

*June 30, 2004*

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$418,265	\$310,000	\$6	\$728,271
Property Taxes Receivable	803,043	0	0	803,043
<i>Total Assets</i>	<u>\$1,221,308</u>	<u>\$310,000</u>	<u>\$6</u>	<u>\$1,531,314</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$36,561	\$267,834	\$0	\$304,395
Contracts Payable	72,000	0	0	72,000
Deferred Revenue	647,806	0	0	647,806
Accrued Interest Payable	0	578	0	578
Notes Payable	0	310,000	0	310,000
<i>Total Liabilities</i>	<u>756,367</u>	<u>578,412</u>	<u>0</u>	<u>1,334,779</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	162,565	42,166	0	204,731
Reserved for Property Taxes	152,807	0	0	152,807
Unreserved, Undesignated (Deficit)	149,569	(310,578)	6	(161,003)
<i>Total Fund Balances (Deficit)</i>	<u>464,941</u>	<u>(268,412)</u>	<u>6</u>	<u>196,535</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,221,308</u>	<u>\$310,000</u>	<u>\$6</u>	<u>\$1,531,314</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Fiscal Year Ended June 30, 2004*

	Permanent Improvement	Building	SchoolNet Plus	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$852,851	\$0	\$0	\$852,851
Intergovernmental	102,026	0	0	102,026
Miscellaneous	69,552	0	0	69,552
<i>Total Revenues</i>	<u>1,024,429</u>	<u>0</u>	<u>0</u>	<u>1,024,429</u>
<b>Expenditures</b>				
Capital Outlay	944,060	267,834	3,328	1,215,222
Debt Service:				
Interest and Fiscal Charges	0	578	0	578
<i>Total Expenditures</i>	<u>944,060</u>	<u>268,412</u>	<u>3,328</u>	<u>1,215,800</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	80,369	(268,412)	(3,328)	(191,371)
<b>Other Financing Sources</b>				
Sale of Capital Assets	37,000	0	0	37,000
<i>Net Change in Fund Balances</i>	117,369	(268,412)	(3,328)	(154,371)
<i>Fund Balances Beginning of Year</i>	<u>347,572</u>	<u>0</u>	<u>3,334</u>	<u>350,906</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$464,941</u></u>	<u><u>(\$268,412)</u></u>	<u><u>\$6</u></u>	<u><u>\$196,535</u></u>

**North Royalton City School District**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Beginning Balance 6/30/03	Additions	Deductions	Ending Balance 6/30/04
<b><i>Student Activities</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$288,271	\$780,960	\$803,560	\$265,671
<b>Liabilities</b>				
Due to Students	\$288,271	\$780,960	\$803,560	\$265,671

**Individual Fund Schedules of Revenues, Expenditures/Expenses  
and Changes in Fund Balance/Fund Equity – Budget (Non-GAAP Basis) and Actual**

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Local Taxes	\$26,428,602	\$26,257,439	\$26,262,559	\$5,120
Intergovernmental	9,354,456	9,293,873	9,295,685	1,812
Interest	81,801	81,271	81,287	16
Tuition and Fees	323,378	321,142	321,209	67
Rentals	56,938	56,569	56,580	11
Extracurricular Activities	21,778	21,778	21,778	0
Miscellaneous	111,731	111,009	111,030	21
<i>Total Revenues</i>	36,378,684	36,143,081	36,150,128	7,047
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	11,849,324	11,849,324	11,718,856	130,468
Fringe Benefits	4,507,400	4,507,400	4,453,841	53,559
Purchased Services	157,633	157,633	152,598	5,035
Materials and Supplies	396,840	396,840	392,066	4,774
Capital Outlay - New	84,134	84,134	84,016	118
Other	1,000	1,000	816	184
Total Regular	16,996,331	16,996,331	16,802,193	194,138
Special:				
Salaries and Wages	1,750,000	1,750,000	1,739,767	10,233
Fringe Benefits	538,300	538,300	497,611	40,689
Purchased Services	1,062,823	1,062,823	1,061,759	1,064
Materials and Supplies	32,853	32,853	31,730	1,123
Capital Outlay - New	2,200	2,200	2,123	77
Total Special	3,386,176	3,386,176	3,332,990	53,186
Vocational:				
Salaries and Wages	87,500	87,500	87,021	479
Fringe Benefits	29,400	29,400	27,317	2,083
Capital Outlay - New	50,301	50,301	49,322	979
Total Vocational	167,201	167,201	163,660	3,541
Total Instruction	\$20,549,708	\$20,549,708	\$20,298,843	\$250,865

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Support Services:</b>				
<b>Pupil:</b>				
Salaries and Wages	\$1,269,600	\$1,269,600	\$1,245,521	\$24,079
Fringe Benefits	425,000	425,000	394,582	30,418
Purchased Services	246,935	246,935	206,934	40,001
Materials and Supplies	51,715	51,715	28,686	23,029
Other	2,000	2,000	220	1,780
<b>Total Pupil</b>	<b>1,995,250</b>	<b>1,995,250</b>	<b>1,875,943</b>	<b>119,307</b>
<b>Instructional Staff:</b>				
Salaries and Wages	1,368,500	1,368,500	1,354,397	14,103
Fringe Benefits	426,900	426,900	400,406	26,494
Purchased Services	27,029	27,029	24,330	2,699
Materials and Supplies	35,370	35,370	34,663	707
Capital Outlay - New	2,900	2,900	773	2,127
Capital Outlay - Replacement	461	461	461	0
Other	8,800	8,800	7,903	897
<b>Total Instructional Staff</b>	<b>1,869,960</b>	<b>1,869,960</b>	<b>1,822,933</b>	<b>47,027</b>
<b>Board of Education:</b>				
Salaries and Wages	9,600	9,600	9,600	0
Fringe Benefits	338	338	258	80
Purchased Services	6,890	6,890	6,810	80
Materials and Supplies	450	450	444	6
Other	8,300	8,300	7,970	330
<b>Total Board of Education</b>	<b>25,578</b>	<b>25,578</b>	<b>25,082</b>	<b>496</b>
<b>Administration:</b>				
Salaries and Wages	1,696,000	1,696,000	1,695,618	382
Fringe Benefits	728,106	728,106	679,515	48,591
Purchased Services	276,820	276,820	239,586	37,234
Materials and Supplies	33,338	33,338	31,799	1,539
Capital Outlay - New	11,682	11,682	11,669	13
Other	48,525	48,525	19,055	29,470
<b>Total Administration</b>	<b>\$2,794,471</b>	<b>\$2,794,471</b>	<b>\$2,677,242</b>	<b>\$117,229</b>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fiscal:				
Salaries and Wages	\$269,000	\$269,000	\$268,828	\$172
Fringe Benefits	122,200	122,200	116,730	5,470
Purchased Services	14,217	14,217	11,061	3,156
Materials and Supplies	7,200	7,200	6,616	584
Capital Outlay - New	8,516	8,516	4,416	4,100
Other	429,450	429,450	429,016	434
<b>Total Fiscal</b>	<b>850,583</b>	<b>850,583</b>	<b>836,667</b>	<b>13,916</b>
Business:				
Salaries and Wages	188,700	188,700	187,202	1,498
Fringe Benefits	86,700	86,700	81,797	4,903
Purchased Services	5,292	5,292	3,889	1,403
Materials and Supplies	500	500	217	283
Capital Outlay - New	5,393	5,393	3,599	1,794
Other	2,300	2,300	1,203	1,097
<b>Total Business</b>	<b>288,885</b>	<b>288,885</b>	<b>277,907</b>	<b>10,978</b>
Operation and Maintenance of Plant:				
Salaries and Wages	1,343,200	1,343,200	1,305,493	37,707
Fringe Benefits	495,200	495,200	449,967	45,233
Purchased Services	1,045,190	1,045,190	933,264	111,926
Materials and Supplies	242,477	242,477	241,391	1,086
<b>Total Operation and Maintenance of Plant</b>	<b>3,126,067</b>	<b>3,126,067</b>	<b>2,930,115</b>	<b>195,952</b>
Pupil Transportation:				
Salaries and Wages	1,095,000	1,095,000	1,094,402	598
Fringe Benefits	338,800	338,800	313,328	25,472
Purchased Services	600,049	600,049	529,479	70,570
Materials and Supplies	446,896	446,896	445,818	1,078
Capital Outlay - Replacement	2,800	2,800	2,547	253
<b>Total Pupil Transportation</b>	<b>\$2,483,545</b>	<b>\$2,483,545</b>	<b>\$2,385,574</b>	<b>\$97,971</b>

(continued)



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Central:				
Salaries and Wages	\$110,300	\$110,300	\$106,758	\$3,542
Fringe Benefits	7,600	7,600	7,515	85
Purchased Services	166,291	166,291	147,744	18,547
Materials and Supplies	17,277	17,277	15,496	1,781
Capital Outlay - New	17,241	17,241	15,357	1,884
Total Central	318,709	318,709	292,870	25,839
Total Support Services	13,753,048	13,753,048	13,124,333	628,715
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	28,800	28,800	28,367	433
Fringe Benefits	11,900	11,900	10,064	1,836
Purchased Services	42,000	42,000	40,478	1,522
Materials and Supplies	2,000	2,000	755	1,245
Total Operation of Non-Instructional Services	84,700	84,700	79,664	5,036
Extracurricular Activities:				
Academic Oriented Activities:				
Salaries and Wages	158,800	158,800	138,637	20,163
Fringe Benefits	1,600	1,600	1,573	27
Total Academic Oriented Activities	160,400	160,400	140,210	20,190
Sport Oriented Activities:				
Salaries and Wages	438,800	438,800	416,051	22,749
Fringe Benefits	12,400	12,400	12,396	4
Purchased Services	22,300	22,300	21,777	523
Total Sport Oriented Activities	473,500	473,500	450,224	23,276
Total Extracurricular Activities	633,900	633,900	590,434	43,466
Total Expenditures	35,021,356	35,021,356	34,093,274	928,082
Excess of Revenues Over Expenditures	\$1,357,328	\$1,121,725	\$2,056,854	\$935,129

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Advances In	\$169,471	\$168,373	\$168,406	\$33
Advances Out	(111,900)	(111,900)	(111,900)	0
Transfers Out	(35,500)	(35,500)	(35,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>22,071</u>	<u>20,973</u>	<u>21,006</u>	<u>33</u>
<i>Net Change in Fund Balance</i>	1,379,399	1,142,698	2,077,860	935,162
<i>Fund Balance Beginning of Year</i>	621,752	621,752	621,752	0
Prior Year Encumbrances Appropriated	<u>454,436</u>	<u>454,436</u>	<u>454,436</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,455,587</u></u>	<u><u>\$2,218,886</u></u>	<u><u>\$3,154,048</u></u>	<u><u>\$935,162</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$1,606,633	\$2,472,606	\$2,472,606	\$0
Intergovernmental	215,447	331,572	331,572	0
<i>Total Revenues</i>	<u>1,822,080</u>	<u>2,804,178</u>	<u>2,804,178</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	41,069	41,069	38,839	2,230
Debt Service:				
Principal Retirement	1,435,000	1,435,000	1,435,000	0
Interest and Fiscal Charges	1,193,931	1,193,931	1,193,931	0
<i>Total Debt Service</i>	<u>2,628,931</u>	<u>2,628,931</u>	<u>2,628,931</u>	<u>0</u>
<i>Total Expenditures</i>	<u>2,670,000</u>	<u>2,670,000</u>	<u>2,667,770</u>	<u>2,230</u>
<i>Net Change in Fund Balance</i>	(847,920)	134,178	136,408	2,230
<i>Fund Balance Beginning of Year</i>	<u>2,163,827</u>	<u>2,163,827</u>	<u>2,163,827</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,315,907</u></u>	<u><u>\$2,298,005</u></u>	<u><u>\$2,300,235</u></u>	<u><u>\$2,230</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$103,789	\$99,454	\$99,463	\$9
Interest	1,820	1,744	1,744	0
Charges for Services	1,104,207	1,058,089	1,058,187	98
Miscellaneous	10,184	9,759	9,760	1
<i>Total Revenues</i>	<u>1,220,000</u>	<u>1,169,046</u>	<u>1,169,154</u>	<u>108</u>
<b>Expenditures</b>				
Current:				
Operation of Food Service:				
Salaries and Wages	407,614	412,565	408,165	4,400
Fringe Benefits	229,553	232,341	232,341	0
Purchased Services	18,734	18,933	16,933	2,000
Materials and Supplies	559,890	566,680	557,627	9,053
Capital Outlay - New	21,046	21,260	21,260	0
Capital Outlay - Replacement	17,610	17,668	17,668	0
<i>Total Expenditures</i>	<u>1,254,447</u>	<u>1,269,447</u>	<u>1,253,994</u>	<u>15,453</u>
<i>Net Change in Fund Balance</i>	(34,447)	(100,401)	(84,840)	15,561
<i>Fund Balance Beginning of Year</i>	153,680	153,680	153,680	0
Prior Year Encumbrances Appropriated	19,447	19,447	19,447	0
<i>Fund Balance End of Year</i>	<u>\$138,680</u>	<u>\$72,726</u>	<u>\$88,287</u>	<u>\$15,561</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Scholarship Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Contributions and Donations	\$3,000	\$2,000	\$2,000	\$0
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	<u>5,000</u>	<u>4,000</u>	<u>2,300</u>	<u>1,700</u>
<i>Net Change in Fund Balance</i>	(2,000)	(2,000)	(300)	1,700
<i>Fund Balance Beginning of Year</i>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,700</u></u>	<u><u>\$1,700</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Adult Education Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Tuition and Fees	\$63,461	\$33,208	\$33,208	\$0
Miscellaneous	11,539	6,038	6,038	0
<i>Total Revenues</i>	<u>75,000</u>	<u>39,246</u>	<u>39,246</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	102,813	73,292	35,696	37,596
Fringe Benefits	666	460	460	0
Purchased Services	15,328	10,585	585	10,000
Materials and Supplies	17,870	12,340	2,340	10,000
<i>Total Expenditures</i>	<u>136,677</u>	<u>96,677</u>	<u>39,081</u>	<u>57,596</u>
<i>Net Change in Fund Balance</i>	(61,677)	(57,431)	165	57,596
<i>Fund Balance Beginning of Year</i>	<u>63,107</u>	<u>63,107</u>	<u>63,107</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$1,430</u></u>	<u><u>\$5,676</u></u>	<u><u>\$63,272</u></u>	<u><u>\$57,596</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Public School Support Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Tuition and Fees	\$441	\$204	\$204	\$0
Contributions and Donations	22,128	10,228	10,228	0
Charges for Services	64,759	29,933	29,933	0
Miscellaneous	12,672	5,857	5,857	0
<i>Total Revenues</i>	<u>100,000</u>	<u>46,222</u>	<u>46,222</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	43,838	22,146	17,146	5,000
Materials and Supplies	27,214	13,901	8,901	5,000
Capital Outlay - New	1,681	849	849	0
Total Instruction	72,733	36,896	26,896	10,000
Support Services:				
Pupil:				
Materials and Supplies	28,623	14,460	1,626	12,834
<i>Total Expenditures</i>	<u>101,356</u>	<u>51,356</u>	<u>28,522</u>	<u>22,834</u>
<i>Net Change in Fund Balance</i>	(1,356)	(5,134)	17,700	22,834
<i>Fund Balance Beginning of Year</i>	13,927	13,927	13,927	0
Prior Year Encumbrances Appropriated	310	310	310	0
<i>Fund Balance End of Year</i>	<u>\$12,881</u>	<u>\$9,103</u>	<u>\$31,937</u>	<u>\$22,834</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Local Grants Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions and Donations	\$80,000	\$63,176	\$66,520	\$3,344
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	378	399	399	0
Materials and Supplies	6,623	7,000	6,134	866
Total Instruction	7,001	7,399	6,533	866
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	11,045	11,675	9,675	2,000
Materials and Supplies	28,140	29,286	28,072	1,214
Capital Outlay - New	48,211	50,884	50,884	0
Total Support Services	87,396	91,845	88,631	3,214
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	47,850	50,403	39,903	10,500
<i>Total Expenditures</i>	142,247	149,647	135,067	14,580
<i>Net Change in Fund Balance</i>	(62,247)	(86,471)	(68,547)	17,924
<i>Fund Balance Beginning of Year</i>	103,063	103,063	103,063	0
Prior Year Encumbrances Appropriated	12,247	12,247	12,247	0
<i>Fund Balance End of Year</i>	\$53,063	\$28,839	\$46,763	\$17,924



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Athletics and Music Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Tuition and Fees	\$2,205	\$1,818	\$1,820	\$2
Extracurricular Activities	194,753	160,529	160,726	197
Contributions and Donations	19,929	16,430	16,447	17
<i>Total Revenues</i>	<u>216,887</u>	<u>178,777</u>	<u>178,993</u>	<u>216</u>
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Occupation Oriented Activities:				
Materials and Supplies	7,022	6,320	6,320	0
Capital Outlay - New	1,489	1,340	1,340	0
Other	604	544	544	0
Total Occupation Oriented Activities	<u>9,115</u>	<u>8,204</u>	<u>8,204</u>	<u>0</u>
Sport Oriented Activities:				
Purchased Services	66,699	60,029	41,229	18,800
Materials and Supplies	91,799	82,728	78,177	4,551
Capital Outlay - New	30,524	28,168	28,168	0
Other	111,685	100,755	94,755	6,000
Total Sport Oriented Activities	<u>300,707</u>	<u>271,680</u>	<u>242,329</u>	<u>29,351</u>
School and Public Service				
Co-curricular Activities:				
Materials and Supplies	121	109	109	0
Other	327	294	294	0
Total School and Public Service Co-curricular Activities	<u>448</u>	<u>403</u>	<u>403</u>	<u>0</u>
<i>Total Expenditures</i>	<u>310,270</u>	<u>280,287</u>	<u>250,936</u>	<u>29,351</u>
<i>Excess of Revenues Under Expenditures</i>	(93,383)	(101,510)	(71,943)	29,567
<b>Other Financing Sources</b>				
Transfers In	43,016	35,500	35,500	0
<i>Net Change in Fund Balance</i>	(50,367)	(66,010)	(36,443)	29,567
<i>Fund Balance Beginning of Year</i>	65,020	65,020	65,020	0
Prior Year Encumbrances Appropriated	10,367	10,367	10,367	0
<i>Fund Balance End of Year</i>	<u>\$25,020</u>	<u>\$9,377</u>	<u>\$38,944</u>	<u>\$29,567</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Auxiliary Services Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$555,598	\$588,914	\$589,089	\$175
Interest	1,610	1,706	1,707	1
<i>Total Revenues</i>	<u>557,208</u>	<u>590,620</u>	<u>590,796</u>	<u>176</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	450	485	485	0
Fringe Benefits	70	75	75	0
Purchased Services	272,657	293,069	278,069	15,000
Materials and Supplies	315,700	330,098	289,098	41,000
Capital Outlay - New	86,894	93,438	70,962	22,476
<i>Total Expenditures</i>	<u>675,771</u>	<u>717,165</u>	<u>638,689</u>	<u>78,476</u>
<i>Net Change in Fund Balance</i>	(118,563)	(126,545)	(47,893)	78,652
<i>Fund Balance Beginning of Year</i>	1,178	1,178	1,178	0
Prior Year Encumbrances Appropriated	<u>126,167</u>	<u>126,167</u>	<u>126,167</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,782</u></u>	<u><u>\$800</u></u>	<u><u>\$79,452</u></u>	<u><u>\$78,652</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Educational Management Information Systems Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$17,000	\$16,177	\$16,177	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Purchased Services	18,990	18,990	15,866	3,124
Fiscal				
Purchased Services	8,010	8,010	4,885	3,125
<i>Total Expenditures</i>	<u>27,000</u>	<u>27,000</u>	<u>20,751</u>	<u>6,249</u>
<i>Net Change in Fund Balance</i>	(10,000)	(10,823)	(4,574)	6,249
<i>Fund Balance Beginning of Year</i>	<u>10,982</u>	<u>10,982</u>	<u>10,982</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$982</u>	<u>\$159</u>	<u>\$6,408</u>	<u>\$6,249</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Network Connectivity Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$18,000	\$18,000	\$18,000	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	<u>18,000</u>	<u>18,000</u>	<u>14,818</u>	<u>3,182</u>
<i>Net Change in Fund Balance</i>	0	0	3,182	3,182
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$3,182</u></u>	<u><u>\$3,182</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*SchoolNet Professional Development Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$9,000	\$4,140	\$4,140	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	2,188	1,270	1,170	100
Purchased Services	10,036	6,211	5,581	630
Total Instruction	12,224	7,481	6,751	730
Support Services:				
Instructional Staff:				
Salaries and Wages	200	116	116	0
<i>Total Expenditures</i>	12,424	7,597	6,867	730
<i>Net Change in Fund Balance</i>	(3,424)	(3,457)	(2,727)	730
<i>Fund Balance Beginning of Year</i>	2,533	2,533	2,533	0
Prior Year Encumbrances Appropriated	924	924	924	0
<i>Fund Balance End of Year</i>	\$33	\$0	\$730	\$730

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Ohio Reads Grant Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$34,371	\$26,491	\$26,491	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	12,350	10,000	10,000	0
Fringe Benefits	483	391	391	0
Purchased Services	4,709	3,813	3,813	0
Materials and Supplies	13,502	12,079	11,930	149
Capital Outlay - New	3,190	2,583	2,583	0
Total Instruction	34,234	28,866	28,717	149
Support Services:				
Instructional Staff:				
Salaries and Wages	31	25	25	0
Fringe Benefits	5	4	4	0
Materials and Supplies	1,274	1,032	532	500
Total Instructional Staff	1,310	1,061	561	500
Pupil Transportation:				
Salaries and Wages	3,875	3,138	3,138	0
Fringe Benefits	978	792	292	500
Total Pupil Transportation	4,853	3,930	3,430	500
Total Support Services	6,163	4,991	3,991	1,000
<i>Total Expenditures</i>	40,397	33,857	32,708	1,149
<i>Net Change in Fund Balance</i>	(6,026)	(7,366)	(6,217)	1,149
<i>Fund Balance Beginning of Year</i>	1,340	1,340	1,340	0
Prior Year Encumbrances Appropriated	6,026	6,026	6,026	0
<i>Fund Balance End of Year</i>	\$1,340	\$0	\$1,149	\$1,149

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Student Reading Intervention Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$78,844	\$75,422	\$75,422	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	27,622	26,423	26,223	200
Fringe Benefits	396	379	379	0
Materials and Supplies	50,826	48,620	48,413	207
<i>Total Expenditures</i>	78,844	75,422	75,015	407
<i>Excess of Revenues Over Expenditures</i>	0	0	407	407
<b>Other Financing Sources (Uses)</b>				
Advances In	42,000	42,000	42,000	0
Advances Out	(42,000)	(42,000)	(42,000)	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	407	407
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$407	\$407

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Entry Year Program Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$26,400	\$26,400	\$26,400	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	<u>26,400</u>	<u>26,400</u>	<u>26,400</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Eisenhower Math and Science Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>3</u>	<u>3</u>	<u>3</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3)	(3)	(3)	0
<i>Fund Balance Beginning of Year</i>	<u>3</u>	<u>3</u>	<u>3</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$482,917	\$618,099	\$618,099	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Fringe Benefits	477	618	618	0
Purchased Services	1,050	1,360	1,360	0
Materials and Supplies	2,835	3,553	3,553	0
Capital Outlay - New	5,870	7,602	7,602	0
Total Regular	10,232	13,133	13,133	0
Special:				
Salaries and Wages	4,626	5,992	5,992	0
Purchased Services	2,723	3,527	3,527	0
Materials and Supplies	79,837	81,562	81,562	0
Total Special	87,186	91,081	91,081	0
Total Instruction	97,418	104,214	104,214	0
Support Services:				
Pupil:				
Purchased Services	2,297	2,532	2,532	0
Materials and Supplies	310	402	402	0
Total Pupil	2,607	2,934	2,934	0
Instructional Staff:				
Salaries and Wages	219,686	284,503	284,503	0
Fringe Benefits	145,824	188,849	188,849	0
Purchased Services	8,327	10,783	10,783	0
Materials and Supplies	6,065	7,854	7,854	0
Total Instructional Staff	379,902	491,989	491,989	0
Administration:				
Salaries and Wages	16,076	20,820	20,759	61
Fringe Benefits	6,564	8,501	8,501	0
Total Administration	22,640	29,321	29,260	61
Total Support Services	\$405,149	\$524,244	\$524,183	\$61

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Fund (continued)*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	\$19,237	\$24,913	\$24,913	\$0
Fringe Benefits	7,343	9,510	9,510	0
Total Operation of Non-Instructional Services	26,580	34,423	34,423	0
<i>Total Expenditures</i>	529,147	662,881	662,820	61
<i>Excess of Revenues Under Expenditures</i>	(46,230)	(44,782)	(44,721)	61
<b>Other Financing Sources (Uses)</b>				
Advances In	31,134	39,850	39,850	0
Advances Out	(57,913)	(75,000)	(75,000)	0
<i>Total Other Financing Sources (Uses)</i>	(26,779)	(35,150)	(35,150)	0
<i>Net Change in Fund Balance</i>	(73,009)	(79,932)	(79,871)	61
<i>Fund Balance Beginning of Year</i>	4,042	4,042	4,042	0
Prior Year Encumbrances Appropriated	75,890	75,890	75,890	0
<i>Fund Balance End of Year</i>	\$6,923	\$0	\$61	\$61

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Immigrant Education Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$8,072	\$7,006	\$7,006	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	10,147	9,161	7,462	1,699
Support Services:				
Instructional Staff:				
Purchased Services	825	745	410	335
<i>Total Expenditures</i>	10,972	9,906	7,872	2,034
<i>Excess of Revenues Under Expenditures</i>	(2,900)	(2,900)	(866)	2,034
<b>Other Financing Sources</b>				
Advances In	2,900	2,900	2,900	0
<i>Net Change in Fund Balance</i>	0	0	2,034	2,034
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$2,034	\$2,034

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Refugee Children Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$2,000	\$4,000	\$2,000	(\$2,000)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	173	3,901	1,901	2,000
Capital Outlay - New	13	285	0	285
<i>Total Expenditures</i>	<u>186</u>	<u>4,186</u>	<u>1,901</u>	<u>2,285</u>
<i>Net Change in Fund Balance</i>	1,814	(186)	99	285
<i>Fund Balance Beginning of Year</i>	<u>186</u>	<u>186</u>	<u>186</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,000</u></u>	<u><u>\$0</u></u>	<u><u>\$285</u></u>	<u><u>\$285</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title V Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$27,838	\$33,753	\$33,753	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	6,010	7,283	6,283	1,000
Fringe Benefits	95	115	64	51
Materials and Supplies	16,893	19,417	17,117	2,300
Total Instruction	22,998	26,815	23,464	3,351
Support Services:				
Instructional Staff:				
Purchased Services	399	399	0	399
Materials and Supplies	4,587	5,259	4,658	601
Total Support Services	4,986	5,658	4,658	1,000
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	2,541	2,594	2,594	0
<i>Total Expenditures</i>	30,525	35,067	30,716	4,351
<i>Excess of Revenues Under Expenditures</i>	(2,687)	(1,314)	3,037	4,351
<b>Other Financing Sources (Uses)</b>				
Advances In	1,162	1,400	1,400	0
Advances Out	(7,758)	(9,400)	(9,400)	0
<i>Total Other Financing Sources (Uses)</i>	(6,596)	(8,000)	(8,000)	0
<i>Net Change in Fund Balance</i>	(9,283)	(9,314)	(4,963)	4,351
<i>Fund Balance Beginning of Year</i>	236	236	236	0
Prior Year Encumbrances Appropriated	9,078	9,078	9,078	0
<i>Fund Balance End of Year</i>	\$31	\$0	\$4,351	\$4,351

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Drug Free Schools Grant Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$3,232	\$15,937	\$15,937	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	1,077	2,033	2,033	0
Fringe Benefits	15	29	29	0
Purchased Services	1,020	1,053	1,053	0
Materials and Supplies	4,424	6,022	6,022	0
Total Instruction	6,536	9,137	9,137	0
Support Services:				
Pupil:				
Salaries and Wages	1,708	3,226	3,026	200
Materials and Supplies	84	159	0	159
Total Support Services	1,792	3,385	3,026	359
<i>Total Expenditures</i>	8,328	12,522	12,163	359
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,096)	3,415	3,774	359
<b>Other Financing Sources</b>				
Advances In	7,768	3,750	3,750	0
Advances Out	(5,826)	(11,000)	(11,000)	0
<i>Total Other Financing Sources (Uses)</i>	1,942	(7,250)	(7,250)	0
<i>Net Change in Fund Balance</i>	(3,154)	(3,835)	(3,476)	359
<i>Fund Balance Beginning of Year</i>	227	227	227	0
Prior Year Encumbrances Appropriated	3,608	3,608	3,608	0
<i>Fund Balance End of Year</i>	\$681	\$0	\$359	\$359

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Preschool Grant Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$16,000	\$17,670	\$17,670	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	11,392	11,392	11,392	0
Fringe Benefits	6,292	6,292	6,292	0
<i>Total Expenditures</i>	17,684	17,684	17,684	0
<i>Excess of Revenues Under Expenditures</i>	(1,684)	(14)	(14)	0
<b>Other Financing Sources (Uses)</b>				
Advances In	2,000	2,000	2,000	0
Advances Out	0	(2,000)	(2,000)	0
<i>Total Other Financing Sources (Uses)</i>	2,000	0	0	0
<i>Net Change in Fund Balance</i>	316	(14)	(14)	0
<i>Fund Balance Beginning of Year</i>	14	14	14	0
<i>Fund Balance End of Year</i>	\$330	\$0	\$0	\$0



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Class Size Reduction Grant Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$54,178	\$100,127	\$100,126	(\$1)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	26,478	48,992	48,992	0
Fringe Benefits	6,849	12,672	12,672	0
Total Instruction	33,327	61,664	61,664	0
Support Services:				
Instructional Staff:				
Salaries and Wages	630	1,166	1,066	100
Fringe Benefits	23	42	0	42
Purchased Services	15,665	28,521	28,421	100
Total Support Services	16,318	29,729	29,487	242
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	560	810	710	100
Total Expenditures	50,205	92,203	91,861	342
Excess of Revenues Over Expenditures	3,973	7,924	8,265	341
<b>Other Financing Sources (Uses)</b>				
Advances In	10,822	20,000	20,000	0
Advances Out	(15,679)	(29,006)	(29,006)	0
Total Other Financing Sources (Uses)	(4,857)	(9,006)	(9,006)	0
Net Change in Fund Balance	(884)	(1,082)	(741)	341
Fund Balance Beginning of Year	266	266	266	0
Prior Year Encumbrances Appropriated	816	816	816	0
Fund Balance End of Year	\$198	\$0	\$341	\$341

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Assistive Technology Infusion Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$4,796	\$21,620	\$21,620	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	527	1,782	1,782	0
Capital Outlay - New	6,569	22,218	22,218	0
<i>Total Expenditures</i>	<u>7,096</u>	<u>24,000</u>	<u>24,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,300)	(2,380)	(2,380)	0
<i>Fund Balance Beginning of Year</i>	<u>2,380</u>	<u>2,380</u>	<u>2,380</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$80</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$727,515	\$763,861	\$763,861	\$0
Intergovernmental	97,171	102,026	102,026	0
Miscellaneous	66,244	69,552	69,552	0
<i>Total Revenues</i>	<u>890,930</u>	<u>935,439</u>	<u>935,439</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	105,387	108,740	98,240	10,500
Capital Outlay - New	146,722	148,554	148,554	0
Total Regular	<u>252,109</u>	<u>257,294</u>	<u>246,794</u>	<u>10,500</u>
Special:				
Materials and Supplies	882	911	911	0
Capital Outlay - New	18,990	19,325	19,325	0
Total Special	<u>19,872</u>	<u>20,236</u>	<u>20,236</u>	<u>0</u>
Total Instruction	<u>271,981</u>	<u>277,530</u>	<u>267,030</u>	<u>10,500</u>
Support Services:				
Administration:				
Purchased Services	13,066	13,501	13,501	0
Capital Outlay - New	39,254	40,552	40,552	0
Total Administration	<u>52,320</u>	<u>54,053</u>	<u>54,053</u>	<u>0</u>
Fiscal:				
Capital Outlay - New	15,411	15,925	15,925	0
Operation and Maintenance of Plant:				
Materials and Supplies	2,248	2,323	2,323	0
Capital Outlay - New	152,281	157,182	132,182	25,000
Capital Outlay - Replacement	8,744	9,035	9,035	0
Total Operation and Maintenance of Plant	<u>\$163,273</u>	<u>\$168,540</u>	<u>\$143,540</u>	<u>\$25,000</u>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund (continued)*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Pupil Transportation:				
Capital Outlay - New	\$131,697	\$136,087	\$128,087	\$8,000
Total Support Services	362,701	374,605	341,605	33,000
Capital Outlay:				
Site Acquisition Services:				
Purchased Services	145,087	148,875	148,875	0
Capital Outlay - New	39,202	40,509	35,470	5,039
Capital Outlay - Replacement	23,032	23,800	23,800	0
Total Site Acquisition Services	207,321	213,184	208,145	5,039
Building Improvement Services:				
Purchased Services	20,975	21,675	21,675	0
Capital Outlay - New	8,113	8,383	8,383	0
Capital Outlay - Replacement	300,694	306,408	306,408	0
Total Building Improvement Services	329,782	336,466	336,466	0
Total Capital Outlay	537,103	549,650	544,611	5,039
Total Expenditures	1,171,785	1,201,785	1,153,246	48,539
Excess of Revenues Under Expenditures	(280,855)	(266,346)	(217,807)	48,539
<b>Other Financing Sources</b>				
Sale of Capital Assets	35,239	37,000	37,000	0
Net Change in Fund Balance	(245,616)	(229,346)	(180,807)	48,539
Fund Balance Beginning of Year	56,161	56,161	56,161	0
Prior Year Encumbrances Appropriated	271,785	271,785	271,785	0
Fund Balance End of Year	\$82,330	\$98,600	\$147,139	\$48,539

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Building Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay:				
Building Improvement Services				
Capital Outlay - Replacement	310,000	310,000	310,000	0
<i>Excess of Revenues Under Expenditures</i>	(310,000)	(310,000)	(310,000)	0
<b>Other Financing Sources</b>				
Proceeds of Notes	310,000	310,000	310,000	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*SchoolNet Plus Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$75,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	4,247	4,247	4,241	6
<i>Net Change in Fund Balance</i>	70,753	(4,247)	(4,241)	6
<i>Fund Balance Beginning of Year</i>	3,787	3,787	3,787	0
Prior Year Encumbrances Appropriated	460	460	460	0
<i>Fund Balance End of Year</i>	<u>\$75,000</u>	<u>\$0</u>	<u>\$6</u>	<u>\$6</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Self Insurance Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$150,000	\$149,926	\$150,578	\$652
<b>Expenses</b>				
Purchased Services	23,470	23,470	23,470	0
Claims	126,530	126,530	104,809	21,721
<i>Total Expenses</i>	150,000	150,000	128,279	21,721
<i>Net Change in Fund Equity</i>	0	(74)	22,299	22,373
<i>Fund Equity Beginning of Year</i>	87,357	87,357	87,357	0
<i>Fund Equity End of Year</i>	\$87,357	\$87,283	\$109,656	\$22,373

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**North Royalton City School District**  
*Governmental Activities*  
*Revenues by Source and Expenses by Function*  
*Last Two Fiscal Years*

	2004	2003
<b>Program Revenues</b>		
Charges for Services and Sales	\$1,756,896	\$1,641,832
Operating Grants, Contributions and Interest	1,809,757	1,249,769
Capital Grants and Contributions	21,489	177,730
<b>General Revenues</b>		
Property and Other Local Taxes	32,969,306	23,428,474
Grants and Entitlements not Restricted to Specific Programs	9,707,794	9,099,437
Investment Earnings	76,094	82,610
Gain on Sale of Capital Assets	37,000	0
Miscellaneous	202,237	211,124
<i>Total</i>	<u>\$46,580,573</u>	<u>\$35,890,976</u>
<b>Expenses</b>		
Current:		
Instruction:		
Regular	\$17,400,569	\$17,302,942
Special	3,405,594	2,932,155
Vocational	100,839	165,516
Support Services:		
Pupil	1,931,083	1,834,793
Instructional Staff	2,544,774	2,236,506
Board of Education	27,367	17,890
Administration	2,676,212	2,767,986
Fiscal	911,411	797,449
Business	281,670	225,304
Operation and Maintenance of Plant	3,188,596	2,928,794
Pupil Transportation	2,700,384	2,197,402
Central	299,018	268,640
Operation of Non-Instructional Services	607,217	592,156
Operation of Food Services	1,318,533	1,477,114
Extracurricular Activities	856,680	612,425
Interest and Fiscal Charges	1,453,624	1,552,707
<i>Total</i>	<u>\$39,703,571</u>	<u>\$37,909,779</u>

Source: School District Financial Records

**North Royalton City School District**  
*Governmental Revenues by Source and Expenditures by Function (1) (2)*  
*Last Ten Fiscal Years*

	2004	2003	2002	2001
<b>Revenues</b>				
Property Taxes	\$32,761,249	\$24,186,901	\$28,737,806	\$23,556,926
Intergovernmental	11,440,394	10,480,631	10,286,408	9,294,779
Interest	79,545	88,781	139,229	344,644
Tuition and Fees	557,370	174,784	273,604	189,970
Extracurricular Activities	182,504	274,061	203,585	172,601
Contributions and Donations	95,195	79,368	68,922	106,932
Charges for Services	1,088,120	1,040,802	1,507	2,382
Rentals	57,500	33,260	34,730	54,891
Miscellaneous	202,237	211,124	97,354	153,870
<i>Total</i>	<u>\$46,464,114</u>	<u>\$36,569,712</u>	<u>\$39,843,145</u>	<u>\$33,876,995</u>
<b>Expenditures</b>				
Current:				
Instruction: (3)				
Regular	\$16,937,356	\$16,301,818	\$16,278,635	\$15,183,731
Special	3,322,726	2,882,418	2,980,258	2,347,636
Vocational	92,605	174,975	126,076	120,029
Support Services:				
Pupil	1,881,898	1,810,813	1,947,784	1,678,325
Instructional Staff	2,371,198	2,089,874	2,107,635	1,860,622
Board of Education	27,367	18,060	19,469	0
Administration	2,646,460	2,670,552	2,913,381	2,659,073
Fiscal	884,703	773,273	820,527	694,690
Business	279,716	215,157	213,961	248,541
Operation and Maintenance of Plant	2,959,316	2,801,943	2,901,312	2,737,232
Pupil Transportation	2,393,572	2,014,230	2,240,886	2,039,885
Central	294,075	253,322	222,259	95,031
Operation of Non-Instructional Service	645,440	650,522	641,489	482,556
Operation of Food Service	1,283,994	1,203,507	0	0
Extracurricular Activities	826,667	809,598	746,566	760,587
Capital Outlay	1,255,125	631,320	817,988	1,013,733
Debt Service	2,629,509	2,630,693	2,630,896	2,627,570
<i>Total</i>	<u>\$40,731,727</u>	<u>\$37,932,075</u>	<u>\$37,609,122</u>	<u>\$34,549,241</u>

Source: School District Financial Records

- (1) Includes general, special revenue, debt service and capital projects funds.
- (2) Information is based on modified accrual.
- (3) Instruction expenditures function is shown in total for fiscal years 1994 through 2000.

2000	1999	1998	1997	1996	1995
\$21,489,911	\$23,299,237	\$21,232,486	\$18,086,766	\$17,794,411	\$16,187,081
8,427,372	7,875,351	7,430,767	5,935,362	5,814,801	4,693,127
362,541	326,446	54,144	387,296	874,204	1,652,905
11,257	110,366	109,568	11,768	15,502	12,578
0	0	0	0	0	0
0	0	0	0	0	0
154,521	150,352	330,427	397,376	335,161	305,424
0	0	0	0	0	0
231,266	331,467	306,244	131,154	179,683	184,087
<u>\$30,676,868</u>	<u>\$32,093,219</u>	<u>\$29,463,636</u>	<u>\$24,949,722</u>	<u>\$25,013,762</u>	<u>\$23,035,202</u>
\$16,878,389	\$15,007,639	\$14,752,943	\$12,073,811	\$12,463,984	\$11,800,964
0	0	0	0	0	0
0	0	0	0	0	0
1,532,063	1,444,322	1,369,624	1,169,234	1,136,284	1,059,150
1,743,107	1,501,589	1,389,717	1,292,299	1,196,853	1,094,519
0	0	0	0	0	0
2,355,345	2,256,472	2,167,487	1,677,414	1,674,024	1,703,433
963,201	853,059	874,363	790,110	685,421	667,945
0	0	0	0	0	0
2,734,729	2,626,710	2,420,020	2,206,240	1,756,238	1,708,288
2,129,235	1,960,510	2,027,482	1,851,817	1,446,606	1,231,741
120,075	93,740	75,275	94,981	73,996	64,655
468,777	502,770	394,542	615,088	606,865	213,874
0	0	0	0	0	0
667,421	432,962	524,180	485,803	470,596	447,098
357,399	693,582	1,278,864	4,375,662	14,032,945	5,945,814
2,628,381	2,764,050	2,778,644	2,789,099	2,100,635	26,266,636
<u>\$32,578,122</u>	<u>\$30,137,405</u>	<u>\$30,053,141</u>	<u>\$29,421,558</u>	<u>\$37,644,447</u>	<u>\$52,204,117</u>

**North Royalton City School District**  
*Property Tax Levies and Collections*  
*Real and Tangible Personal Property (1)*  
*Last Ten Years*

Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Levy Collected	Delinquent Tax Collections	Total Tax Collections
2003	\$36,339,103	\$32,846,659	90.4%	\$1,015,315	\$33,861,974
2002	28,751,361	27,596,484	96.0	784,292	28,380,776
2001	27,755,925	26,898,677	96.9	600,751	27,499,428
2000	27,405,644	25,952,337	94.7	485,133	26,437,470
1999	25,670,639	24,888,533	97.0	515,750	25,404,283
1998	24,343,994	23,872,162	98.1	383,286	24,255,448
1997	22,649,597	22,236,039	98.2	396,780	22,632,819
1996	18,940,161	18,688,226	98.7	259,353	18,947,579
1995	18,514,116	18,313,119	98.9	166,674	18,479,793
1994	17,029,159	16,862,090	99.0	310,214	17,172,304

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.

Ratio of Total Collections To Total Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Levy
93.2 %	\$1,271,869	3.5 %
98.7	1,100,619	3.8
99.1	992,869	3.6
96.5	878,765	3.2
99.0	694,072	2.7
99.6	839,932	3.5
99.9	672,884	3.0
100.0	705,356	3.7
99.8	657,288	3.6
100.8	580,786	3.4

**North Royalton City School District**  
*Assessed and Estimated Actual Value of Taxable Property*  
*Last Ten Years*

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2004	\$850,858,880	\$2,431,025,371	\$20,459,520	\$23,249,454
2003	778,973,800	2,225,639,429	20,709,590	23,533,625
2002	747,328,780	2,135,225,086	21,240,630	24,137,080
2001	724,345,800	2,069,559,429	25,459,179	28,930,885
2000	629,283,360	1,797,952,457	28,486,370	32,370,875
1999	605,258,530	1,729,310,086	31,814,060	36,152,341
1998	569,889,100	1,628,254,571	31,264,190	35,527,489
1997	517,284,940	1,477,956,971	31,381,960	35,661,318
1996	497,448,980	1,421,282,800	31,032,130	35,263,784
1995	476,949,520	1,362,712,914	34,894,100	39,652,386

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

- (1) This amount is calculated based on the following percentages:  
 Real estate is assessed at 35 percent of actual value.  
 Public utility personal is assessed at 88 percent of actual value.  
 Tangible personal property is assessed at 25 percent of actual value for capital assets and 23 percent for inventory.

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Ratio
\$28,710,170	\$124,826,826	\$900,028,570	\$2,579,101,651	35%
30,116,086	120,464,344	829,799,476	2,369,637,398	35
30,539,440	122,157,760	799,108,850	2,281,519,926	35
26,445,510	105,782,040	776,250,489	2,204,272,354	35
24,721,996	98,887,984	682,491,726	1,929,211,316	35
21,230,513	84,922,052	658,303,103	1,850,384,479	36
21,442,254	85,769,016	622,595,544	1,749,551,076	36
19,879,434	79,517,736	568,546,334	1,593,136,026	36
18,682,932	74,731,728	547,164,042	1,531,278,312	36
17,064,991	68,259,964	528,908,611	1,470,625,265	36

**North Royalton City School District**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(Per \$1,000 of Assessed Valuation)*  
*Last Ten Years*

Year	North Royalton City School District			Cuyahoga Valley Career Center	County Levy
	General Fund	Bond Retirement	Total		
2004	\$59.00	\$3.10	\$62.10	\$2.00	\$19.40
2003	60.10	3.40	63.50	2.00	17.60
2002	54.80	3.40	58.20	2.00	17.60
2001	55.10	3.60	58.70	2.00	17.60
2000	56.50	4.20	60.70	2.00	16.70
1999	57.00	4.40	61.40	2.00	18.00
1998	57.40	4.70	62.10	2.00	18.00
1997	58.20	5.10	63.30	2.00	18.00
1996	52.80	5.30	58.10	2.00	18.00
1995	53.00	5.20	58.20	2.00	18.20

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because that is in the manner in which the information is maintained by the County Auditor.



Residents of North Royalton		Residents of Broadview Heights	
City Levy	Total Levy	County Levy	City Levy
\$8.20	\$91.70	\$9.40	\$92.90
8.20	91.30	9.40	92.50
8.20	86.00	9.40	87.20
8.20	86.50	9.40	87.70
8.30	87.70	9.40	88.80
8.30	89.70	9.40	90.80
8.30	90.40	9.40	91.50
8.30	91.60	9.40	92.70
8.30	86.40	9.40	87.50
8.40	86.80	8.40	86.80

**North Royalton City School District**  
*Ratio of Net General Obligation Bonded Debt to  
 Assessed Value and Net Bonded Debt Per Capita  
 Last Ten Years*

Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2004	\$19,673,285	\$900,028,570	30,654	2.19 %	\$641.79
2003	19,268,663	829,799,476	30,654	2.32	628.59
2002	22,139,714	799,108,850	30,654	2.77	722.25
2001	24,126,138	776,250,489	30,559	3.11	789.49
2000	23,275,072	682,491,726	29,006	3.41	802.42
1999	24,756,125	658,303,103	29,006	3.76	853.48
1998	26,000,715	622,595,544	29,006	4.18	896.39
1997	27,362,554	568,546,334	28,680	4.81	954.06
1996	28,620,937	547,164,042	27,050	5.23	1,058.08
1995	30,122,929	528,908,611	27,050	5.70	1,113.60

Source:

- (1) School District Financial Records
- (2) Cuyahoga County Auditor
- (3) U.S. Census of Population, 2000 Federal Census and 1990 Federal Census

**North Royalton City School District**

*Computation of Legal Debt Margin*

*June 30, 2004*

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Assessed Valuation	<u><u>\$900,028,570</u></u>
Debt Limit - 9% of Assessed Value (1)	\$81,002,571
Outstanding Debt:	
General Obligation Bonds	20,571,066
Manuscript Note	310,000
Less: Amount Available in Debt Service Fund	<u>(2,782,034)</u>
Amount of Debt Subject Limit	<u>18,099,032</u>
Overall Debt Margin	<u><u>\$62,903,539</u></u>
Debt Limit - .10% of Assessed Value (1)	\$900,029
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u><u>\$900,029</u></u>

Source: Cuyahoga County Auditor and School District Financial Records.

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

**North Royalton City School District**  
*Computation of Direct and Overlapping General Obligation Bonded Debt*  
 December 31, 2003

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
<b><u>Direct</u></b>			
North Royalton City School District	\$22,455,319	100.00%	\$22,455,319
<b><u>Overlapping</u></b>			
City of North Royalton	4,507,000	84.54	3,810,218
City of Broadview Heights	11,222,416	15.46	1,734,986
Cuyahoga County	183,239,636	2.96	5,423,893
Regional Transit Authority	100,855,000	2.96	2,985,308
Total Overlapping	299,824,052		13,954,404
Total	\$322,279,371		\$36,409,723

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis (Other than the School District) because that is the manner in which information is maintained by the County Auditor.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2003 collection year.

**North Royalton City School District**  
*Ratio of Annual Debt Service Expenditures For*  
*General Obligation Bonded Debt to Total Governmental Expenditures*  
*Last Ten Fiscal Years*

Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Governmental Expenditures (Percentage)
2004	\$1,435,000	\$1,193,931	\$2,628,931	\$40,731,727	6.45%
2003	1,390,000	1,239,016	2,629,016	37,932,075	6.93
2002	1,350,000	1,280,896	2,630,896	37,609,122	7.00
2001	1,295,000	1,332,570	2,627,570	34,549,241	7.61
2000	1,235,000	1,393,131	2,628,131	32,578,122	8.07
1999	1,310,000	1,453,300	2,763,300	30,137,405	9.17
1998	1,265,000	1,513,394	2,778,394	30,053,141	9.24
1997	1,220,000	1,568,599	2,788,599	29,421,558	9.48
1996	455,000	1,605,885	2,060,885	37,644,447	5.47
1995	420,000	1,510,414	1,930,414	52,204,117	3.70

Source: School District Financial Records.

**North Royalton City School District**  
*Property Value,*  
*Financial Institution Deposits and Building Permits*  
*Last Ten Years*

Year	Property Value (1) (Real Estate Only)	Financial Institution Deposits Banks	Values of Building Permits Issued
2004	\$850,858,880	\$97,238,973	\$53,772,156
2003	778,973,800	95,761,917	42,182,944
2002	747,328,780	88,346,368	55,086,222
2001	724,345,800	61,942,764	49,508,303
2000	629,283,360	59,933,852	71,770,790
1999	605,258,530	60,846,022	48,478,648
1998	569,889,100	53,941,971	43,087,840
1997	517,284,940	27,068,211	33,058,230
1996	497,448,980	22,458,573	42,020,000
1995	476,949,520	20,885,453	35,205,713

Source: Federal Reserve Bank of Cleveland. The large increase in 1998 was due to Key Bank becoming a single-charter bank.  
 Cuyahoga County Auditor

Building Department of the City of North Royalton.  
 Beginning with 2001, the number of building permits is for newly constructed facilities only.

(1) Represents assessed value.

**North Royalton City School District**

*Principal Taxpayers*

*Real Estate Tax*

*December 31, 2003*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Spruce Lake, LTD	\$8,050,010	0.95%
CAPREIT Royalton	6,603,670	0.78
Pulte Homes	5,821,350	0.68
MCI Telecommunications	5,427,490	0.64
M & J Dover Farms, LP	5,373,030	0.63
I & J Associates, LTD	3,811,680	0.45
Deer Creek Apartments, LTD	3,776,990	0.44
Oak Brook Gardens	3,670,280	0.43
Pine Forest Apartments	3,514,740	0.41
Spartan House, LTD	3,088,650	0.36
Timber Ridge Investments, LTD	2,749,260	0.32
Royalton Plaza	2,399,990	0.28
THC Ohio 2000-1 Trust	2,390,160	0.28
Shadow Creek Enterprises, LTD	2,309,130	0.27
Athenian Office Building, LTD	2,068,220	0.25
Macintosh Land Company	<u>1,782,460</u>	<u>0.22</u>
Total	<u>\$62,837,110</u>	<u>7.39%</u>
Total Real Estate Valuation	<u>\$850,858,880</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2004 collection year.

**North Royalton City School District**

*Principal Taxpayers*

*Tangible Personal Property Tax*

*December 31, 2003*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
EDS Information Services	\$2,066,520	7.20%
Riser Foods Company	1,506,810	5.25
H & D Steel Service, Inc.	1,061,070	3.70
Stevens Painton Corp.	900,500	3.14
Valley Tool & Die, Inc.	720,350	2.51
WideOpenWest Cleveland LLC	715,620	2.49
Praxair Distribution, Inc.	673,690	2.35
Krenz Krist Machine, Inc.	620,120	2.16
Neighborhood Pharmacy	508,390	1.77
Storage Technology Corporation	408,790	1.42
Discount Drug Mart, Inc.	360,090	1.25
Builders Excavating Inc.	356,670	1.24
May Tool & Die Company	334,390	1.16
Galley Printing Company, Inc.	318,340	1.11
Diverse Industries Inc.	292,650	1.02
Transport Services, Inc.	291,960	1.02
Total	<u>\$11,135,960</u>	<u>38.79%</u>
Total Tangible Assessed Valuation	<u>\$28,710,170</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2004 collection year.



**North Royalton City School District**

*Principal Taxpayers*

*Public Utilities Tax*

*December 31, 2003*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Cleveland Electric Illuminating Company	\$9,863,420	48.21%
Ohio Bell Telephone Company	4,087,100	19.98
MCI Telecommunications Corporation	1,445,540	7.07
Columbia Gas of Ohio	1,431,400	7.00
American Transmission System	1,414,210	6.91
Ohio Edison Company	420,320	2.04
Qwest Communications	414,580	2.03
Total	<u>\$19,076,570</u>	<u>93.24%</u>
Total Public Utility Assessed Value	<u>\$20,459,520</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2004 collection year.

**North Royalton City School District**

*Per Pupil Cost*

*Last Ten Fiscal Years*

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<u>Year</u>	<u>Governmental Fund Expenditures</u>	<u>Student Enrollment</u>	<u>Per Pupil Cost</u>
2004	\$40,731,727	4,498	\$9,056
2003	37,932,075	4,429	8,564
2002	37,609,122	4,365	8,616
2001	34,549,241	4,396	7,859
2000	32,578,122	4,331	7,522
1999	30,137,405	4,246	7,098
1998	30,053,141	4,242	7,085
1997	29,421,558	4,192	7,019
1996	37,644,447	4,075	9,238
1995	52,204,117	3,899	13,389

Source: School District Financial Records.

**North Royalton City School District**

*Teacher Education and Experience*

June 30, 2004

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	29	10.70%
Bachelor + 6	8	2.95
Bachelor + 12	13	4.80
Bachelor + 18	11	4.06
Bachelor + 24	8	2.95
Bachelor + 30	26	9.59
Master's Degree	59	21.77
Master's Degree + 6	23	8.49
Master's Degree + 12	45	16.61
Master's Degree + 18	20	7.38
Master's Degree + 24	6	2.21
Master's Degree + 30	7	2.58
Master's Degree + 36	4	1.48
Master's Degree + 42	2	0.74
Master's Degree + 48	10	3.69
 Total	 271	 100.00%

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	75	27.68%
6 - 10	56	20.66
11 - 15	41	15.13
16 - 20	38	14.02
21 and Over	61	22.51
	271	100.00%

Source: School District Personnel Records.

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**Auditor of State  
Betty Montgomery**

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**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA 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  
JANUARY 13, 2005**