

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2006**



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

January 8, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY

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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2006**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> 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	\$26,836	\$0	\$26,836
National School Lunch Program	LLP4-2005	10.555	8,254	0	8,254	0
National School Lunch Program	LLP4-2006	10.555	43,492	0	43,492	0
Subtotal National School Lunch Program			51,746	0	51,746	0
Special Milk Program for Children	02PU-2005	10.556	1,635	0	1,635	0
Special Milk Program for Children	02PU-2006	10.556	7,808	0	7,808	0
Subtotal Special Milk Program for Children			9,443	0	9,443	0
Total U.S. Department of Agriculture - Nutrition Cluster			<b>61,189</b>	<b>26,836</b>	<b>61,189</b>	<b>26,836</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education - Access	6BSD-2005	84.027	34,731	0	17,807	0
Special Education - Access	6BSD-2006	84.027	30,292	0	27,275	0
Subtotal Special Education - Access			65,023	0	45,082	0
Special Education, Part B - IDEA	6BSF-2005	84.027	62,134	0	56,056	0
Special Education, Part B - IDEA	6BSF-2006	84.027	759,147	0	718,971	0
Subtotal Special Education, Part B - IDEA			821,281	0	775,027	0
Early Childhood Special Education, IDEA	PGS1-2005	84.173	9,514	0	5,691	0
Early Childhood Special Education, IDEA	PGS1-2006	84.173	14,596	0	13,442	0
Subtotal Preschool Disability Grant			24,110	0	19,133	0
Total Special Education Cluster			910,414	0	839,242	0
Safe and Drug-Free Schools, Title IV-A	DRS1-2006	84.186	8,023	0	8,023	0
Innovative Programs, Title V	C2S1-2005	84.298	0	0	1,026	0
Innovative Programs, Title V	C2S1-2006	84.298	12,841	0	12,640	0
Total Innovative Programs, Title V			12,841	0	13,666	0
Advanced Placement Program	AVTF-2005	84.330	520	0	0	0
Immigrant, Title III	T3S2-2006	84.365	15,513	0	15,513	0
Improving Teacher Quality, Title II, Part A	TRS1-2006	84.367	57,340	0	49,421	0
Total U.S. Department of Education			<b>1,004,651</b>	<b>0</b>	<b>925,865</b>	<b>0</b>
<b>Total Federal Assistance</b>			<b>\$1,065,840</b>	<b>\$26,836</b>	<b>\$987,054</b>	<b>\$26,836</b>

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

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
JUNE 30, 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (Schedule) summarizes the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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. Values may change from month to month and are entirely subjective. At June 30, 2006, the District had no significant food commodities in inventory.

**NOTE C - NATIONAL SCHOOL LUNCH PROGRAM AND SPECIAL MILK PROGRAM FOR CHILDREN**

Federal monies received by the District for this program are commingled with State grants and local revenues. It is assumed that federal monies are expended first.

**NOTE D – NEGATIVE RECEIPTS**

The District transferred \$735 from grant year 2005 to grant year 2006 in the Special Education, Part B IDEA Grant.

N/A - Not applicable.

CFDA - Catalog of Federal Domestic Assistance.





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Rocky River City School District  
Cuyahoga County  
21600 Center Ridge Road  
Rocky River, Ohio 44116

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rocky River City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2006, in which we noted the District restated capital assets. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**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 in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 20, 2006, we reported other matters involving the internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 20, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for 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 20, 2006



## Auditor of State Betty Montgomery

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

Rocky River City School District  
Cuyahoga County  
21600 Center Ridge Road  
Rocky River, Ohio 44116

To the Board of Education:

#### Compliance

We have audited the compliance of the Rocky River 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 apply to its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Rocky River City School District, Cuyahoga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

#### Internal Control Over Compliance

The District's management 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 directly and materially affect a major federal program 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.

**Internal Control Over Compliance  
(Continued)**

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

**Federal Awards Receipts and Expenditures Schedule**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Rocky River City School District, Cuyahoga County, Ohio, as of and for the year ended June 30, 2006, and have issued our report thereon dated December 20, 2006, in which we noted the District restated capital assets. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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 intend this report solely for the information and use of the management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

December 20, 2006

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FISCAL YEAR ENDED JUNE 30, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Program (list):</b>	Special Education Cluster: Special Education – Access/84.027 Special Education, Part B-IDEA/84.027 Early Childhood Special Education/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>	No

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2006**

<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><i>Explain:</i></b>
2005-001	Internal Service Fund fiscal management – District’s third party administrator over health care benefits did not obtain required Tier II SAS 70 audit.	Yes	
2005-002	Ohio Rev. Code Section 5705.41 (D)(1) - Certification of availability of funds.	No	Reissued as management letter comment.





COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

OF THE

ROCKY RIVER CITY  
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2006

PREPARED BY  
TREASURER'S DEPARTMENT  
GREG MARKUS, TREASURER

21600 CENTER RIDGE RD    ROCKY RIVER, OHIO 44116



**Rocky River City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2006*  
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**Rocky River  
School District**

**Rocky River  
Board of Education**

21600 Center Ridge Road  
Rocky River, Ohio 44116-3980  
440-333-6000  
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Dennis L. Allen, Ed.D.  
Superintendent of Schools

Cathy E. Dietlin, Ph.D.  
Assistant Superintendent

Ted Blank  
Executive Director  
Human Resources &  
Support Services

Greg R. Markus, CPA  
Treasurer

**Board of Education**

Kathleen Goepfert  
Scott E. Swartz  
James D. Schieda  
Jean A. Rounds  
Jay Milano

December 20, 2006

To the Board of Education, residents of the Rocky River City School District and other interested parties:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Rocky River City School District (the "District") for the fiscal year ended June 30, 2006. 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 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 District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The report provides the taxpayers of the District, bond rating agencies and other interested parties with comprehensive financial information, enabling them to gain a clear understanding of the 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 Rocky River Public Library, the Rocky River Chamber of Commerce, rating agencies and other interested organizations. Copies will be made available to all residents of the District or any other interested party through the District's web site at [www.lnoca.org/~rrcs](http://www.lnoca.org/~rrcs).

This report is divided into the following sections:

1. The Introductory Section, which includes this transmittal letter, a list of principal officials, the District's organizational chart and the GFOA Certificate of Achievement.
2. The Financial Section, which includes the independent accountants' report, management's discussion and analysis, the basic financial statements and notes, the combining statements for nonmajor funds and schedules that provide detailed information relative to the basic financial statements.
3. The Statistical Section, which includes related financial and demographic information, generally presented on a multi-year basis.

**The District**

The 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 District is a separate and distinct unit of government with its own taxing authority. The Rocky River Board of Education is a five member board, elected at large, with staggered four year terms.

The District is located in an affluent suburban area west of Cleveland, Ohio and encompasses the entire City of Rocky River and a small portion of the City of Fairview Park. The property tax base is primarily residential with a significant amount of retail commercial property. The District serves 2,640 students ranging from Kindergarten through Twelfth grade. In addition, a wide range of services are provided for preschool aged children and adults.

## The Reporting Entity

The District has reviewed its reporting entity definition in order to insure conformance with the Government Accounting Standards Board Statement No. 14. "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District (the primary government) and its potential component units. The District has no component units and the District is not a component unit of any other governmental organization.

The District is associated with the Lakeshore Northeast Ohio Computer Association and the Ohio Schools Council Association, both jointly governed organizations; the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool; and the Rocky River Public Library, a related organization.

## Demographics, Economic Condition and Outlook<sup>1</sup>

The 2000 U. S. Census data reports a population of 20,735 in the City of Rocky River with 10,166 dwelling units and over 1,250 businesses. The median household income is \$51,636 (year 2000) and the median income for a family was \$72,361. The median home value is \$188,700 (year 2000). Over the past 10 years, the average appreciation of homes in Rocky River was 5.1%. In 2005 the average Sale Price for a Single Family home was \$288,506 with 65 days on the market. As of 10/26/2006, the average Sale Price for a Single Family home is \$281,027 with 77 days on the market.

The median age for residents of Rocky River is 44.2 and families (non-single residences) represent 56% of the population. The racial makeup of the city was 96.83% White, 0.41% African American, 0.07% Native American, 1.33% Asian, 0.02% Pacific Islander, 0.27% from other races, and 1.08% from two or more races. Hispanic or Latino of any race were 1.20% of the population.

There were 9,709 households out of which 22.5% had children under the age of 18 living with them, 47.2% were married couples living together, 6.9% had a female householder with no husband present, and 44.0% were non-families. 40.3% of all households were made up of individuals and 20.5% had someone living alone who was 65 years of age or older. The average household size was 2.11 and the average family size was 2.90. In the city the population was spread out with 20.9% under the age of 18, 4.3% from 18 to 24, 25.9% from 25 to 44, 24.6% from 45 to 64, and 24.2% who were 65 years of age or older.

The occupational makeup of the City is 49 percent professional/managerial, 32 percent technical/sales/clerical, 10 percent service, four percent construction/extraction/maintenance, and five percent production/transportation/material moving occupations. Of the population 25 years of age or older, over 46% have at least a bachelor's degree. Businesses within the community are predominantly retail and service oriented.

The District receives over 75 percent of its governmental fund revenues from local property tax collections. Therefore, the long-term financial health of the District is very dependent on its tax base. The total assessed valuation of the District's tax duplicate has risen over 32 percent over the last ten years. The increased value in the tax duplicate is due primarily to revisions in property values made by the County Auditor every three years as well as some new construction.

<sup>1</sup> Primary sources of data used for this section are [http://en.wikipedia.org/wiki/Rocky\\_River,\\_Ohio](http://en.wikipedia.org/wiki/Rocky_River,_Ohio), [http://realtymtimes.com/rtmcrloc/Ohio~Rocky\\_River](http://realtymtimes.com/rtmcrloc/Ohio~Rocky_River) and <http://factfinder.census.gov>

The City of Rocky River is almost completely developed, so future assessed valuation increases will come primarily from property value changes. There may also be some growth from the demolition of existing commercial and residential building stock and the subsequent redevelopment of such property, as this is becoming increasingly common in fully-developed suburban areas like Rocky River. There are no major manufacturing plants located within the District's boundaries. In terms of dollar value the largest real property taxpayer owns a little more than one percent of the total real property in the District.

## **Major Initiatives - Fiscal Year 2006**

Each year, the District identifies a series of District Development Priorities that build upon the objectives of the mission statement and strategic goals. These priorities focus the District's financial and other resources and provide measurable benchmarks upon which to evaluate the effectiveness of our efforts. The following provides a brief overview of the key priorities addressed during the 2005-2006 school year and the District's progress in achieving each priority.

### ***Financial***

- *Communicate the District's financial planning and use of its financial resources*

Voters approved an additional 4.9 mill continuing operating levy in May 2005, which commenced collection in January of 2006. This new levy is expected to generate an additional \$3.4 million in tax revenue annually. This levy was planned to take the District through another three year funding cycle. However, the District is currently working through major changes caused by the State of Ohio's biennial budget bill (House Bill 66) that took effect on July 1, 2005. This District has also had to deal with tax valuation decrease complaints by significant property taxpayers and significant double-digit increases in employee health care expenses over the last two years. The District may also be facing the prospect of significant lost/foregone revenue due to a tax abatement that was granted on commercial property located within the District boundaries, but within the City of Fairview Park corporate limits that contains the District's single largest property taxpayer. However, the exact effects of this abatement upon the District's future revenue stream are not entirely known at this time. All of these factors combined along with the unknown will certainly make the next few years difficult and challenging as it relates to managing the District's budget.

During the 2006 fiscal year, through community the annual State of the Schools address, the submission of the District's Five-Year Financial Forecast and required update to the Ohio Department of Education, the issuance of monthly financial reports detailing the status of the District's finances and the continued issuance of a Comprehensive Annual Financial Report (CAFR), the District has communicated its financial results and future plans to residents and all other stakeholders of the Rocky River City School District.

- *Cooperate with the cities that the District is located in with economic development issues while protecting the District's property tax base*

The District is significantly dependent upon local property taxes. As a result, the Board and administration worked with the cities of Rocky River and Fairview Park to assure that retail development protects and enhances property values. The city of Rocky River encouraged development of residential property in the limited areas available as well as commercial development. These factors added approximately \$16 million of new construction market value to the tax base, which translates to approximately \$229,000 in additional gross operating revenue for the General Fund. The District retains the services of legal counsel experienced in the area of property taxation to represent the District's interest with regard to County Board of Revision and Ohio Board of Tax Appeals cases.

- *Protect the interests of the District from the results of any proposed legislative funding changes*

The Board of Education has taken a leadership role in the Westshore Boards of Education, a working group of Districts on the west side of Cleveland. This group works with citizens and legislators to protect member districts from adverse legislation and rule making. The District is also a member of the Alliance for Adequate School Funding, which is a group of over 50 similar Districts within the State of Ohio who also work with legislators on behalf of member districts.

### **Educational**

- *Provide a caring, personalized environment where learners excel*

The State of Ohio measures District's achievement through a state "Report Card" measuring student learning at the 3<sup>rd</sup> through 8<sup>th</sup> grade and 10<sup>th</sup> grade levels. The state has 25 standards upon which they rate school districts. The Rocky River City School District achieved 25 of 25 standards for the 2005-06 school year, therefore earning an "excellent" rating. Only 192 of the 610 school districts in Ohio achieved this level of excellence. School faculty and administrators work diligently to prepare students for success with these tests while assuring students experience success in all areas of instruction.

The District had five National Merit Semi-Finalists and seven National Merit Commended Scholars named for the 2005-06 school year. Of the five Merit Semi-Finalists, four were named as finalists.

### **Goals for 2007**

#### **Financial**

- To effectively use District resources to assure the highest quality educational program while attempting to meet the District's three year financial plan.
- To receive the GFOA Certificate of Achievement for Excellence in Financial Reporting for this fiscal year 2006 CAFR.
- To continue to enhance the District's budget and financial planning information for citizens and to communicate the District's dependence on local taxpayer support and current issues with the State of Ohio's school financing structure based on the new House Bill 66 legislation.
- To continue to assure the District's property tax base remains strong and stable by working thorough economic issues with the cities, business community and individual property owners.
- To embark on the beginning stages of updating the District's Master Plan for facilities and to develop a proposed financing plan for any maintenance, improvements and enhancements called for as a result of this process.

#### **Educational**

- To continue to meet the high standards of State testing while maintaining a caring, personalized environment where learners can excel.
- To meet the criteria for positive "Adequate Yearly Progress" as defined by the State of Ohio as it defined for the "No Child Left Behind" act.
- To increase communication with parents and the community using available technology as well as more traditional methods of communication (e.g. open houses, individual parent-teacher conferences, continued use and enhancement of an electronic grade book).
- To continue the successful implementation of the Ohio graduation test and other standardized tests as mandated by the State of Ohio.

- To continually review and revise the District's technology plan to anticipate new state of Ohio requirements for student and staff technology (e.g. DASL)
- To implement building-level priorities as indicated in the District's "Planning for Excellence: 2006-2007" document.
- Continue the process of ensuring that all of the District's teachers are "Highly Qualified" per the requirements of the federal "No Child Left Behind" legislation for the 2005-06 school year.

## Prospects for the Future

The funding structure of public education in Ohio poses a challenge to Districts. There is very little in the funding structure which allows Districts to receive additional revenues relative to inflationary pressures. Boards of education throughout Ohio must put issues on the ballot for voter approval in order to receive significant additional revenues. The District gained voter approval of a 4.9 mill operating levy in May 2005. Collection of the new levy began in January 2006. The additional revenue from this levy, about \$3.4 million annually, was planned to stabilize the District's local funding for three years. Ohio law requires once a school levy is passed, that levy may not generate additional tax revenue as a result of reappraisal or reassessment (i.e. inflationary growth). Consequently, tax levies, if approved by voters, provide essentially a fixed source of revenue and provide no inflationary growth on those voted mills going forward.

State funding remains a very important concern as well. Since 1993 the state system of funding schools has been under court challenge, challenging both the equity and adequacy of Ohio's system of funding public education. In the most recent filings on September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the Districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to Districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case in December 2003.

In response to the school funding issue, the Governor of the State of Ohio assembled a "Blue Ribbon Task Force on Financing Student Successes" to offer recommendations on how the State can better fund education. This task force issued a report of their recommendations in February of 2005 that can be accessed by reviewing the document contained on the following website:  
<http://www.blueribbontaskforce.ohio.gov/02022005brtf.pdf>.

In June 2005, the State Legislature made landmark changes to the State's taxing structure with the passage of House Bill 66 to take effect July 1, 2005. The most significant tax law changes as a result of this bill include the following:

- **Introduction of the new commercial activity tax (CAT), an annual business privilege tax measured by a business's gross receipt.** The amount of taxable gross receipts determines whether or how the CAT applies. Businesses with annual gross receipts of \$150,000 or less are not subject to the CAT; those with receipts from \$150,001 - \$1,000,000 pay a minimum \$150 tax; receipts exceeding one million dollars -- when the tax is fully phased in -- will be taxed at a rate of 0.26 percent (tax rate for the first tax period from July 1, 2005 to December 31, 2005 is only 0.06 percent).

- **Phase-out over five years of the corporation franchise tax at the rate of 20 percent annually beginning in tax year 2006.**
- **Phase-out of the tangible personal property (TPP) tax on most businesses inventory, manufacturing machinery and equipment, and furniture and fixtures over four years at about 25 percent annually beginning in tax year 2006.** Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will be subject to no TPP tax. Ohio School Districts will be held “harmless” for lost revenue through tax year 2009 by the State. Reimbursements will then be phased out through tax year 2018.
- **The individual income tax rate cut for all tax brackets of 4.2 percent for tax year 2005 and an additional 4.2 percent (from 2004 rates) each year through 2009 for a total cut of 21 percent.**
- **The state sales tax rate cut from 6 to 5.5 percent.** The vendor discount of .9 percent remains for timely filed and paid sales tax returns.
- **A cigarette excise tax increase of \$.70 to a total of \$1.25 per pack of 20 cigarettes.** Cigarette wholesalers and retailers must pay the additional 70 cents per pack on cigarettes that were previously taxed but still in inventory at the end of business June 30th.
- **Elimination of the ten percent property tax rollback on most commercial and industrial real property. The rollback remains for residential and agricultural real property.**
- **Ohio’s additional estate tax (sponge tax) is eliminated. The Ohio basic estate tax remains in effect.**

The District is currently unable to determine what effects, if any, this new taxing structure will have on future state school funding in general and its specific state funding in particular. What is known at this point in time relating to the District’s state funding is that the District is considered a “transitional guarantee district” under state law. This means that we are currently guaranteed the amount of state foundation funding that was received in the prior fiscal year, which was approximately \$800,000. This guarantee is only effective in current law through the end of fiscal year 2007. As of the date of this report, there has not been any legislation enacted to continue this level of funding.

As a result, all of the District’s financial abilities will be called upon to meet the challenges the future will bring. It is imperative that the District’s Board and management team continue to carefully and prudently plan in order to provide the resources required to meet students’ needs over the next several years.

## **Financial Information**

***Internal Accounting and Budgetary Control:*** In developing the 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 the financial statements and maintaining the accountability of assets. The concept of reasonable assurance is based on the assumption the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The 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 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 the fiscal year. If a temporary appropriation 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 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. Budgets are controlled at the fund level for all funds. All non-site-based purchase order requests must be approved by the Executive Director of Human Resources and Support Services 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 District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible.

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 the District are fully described in Note 2 of the financial statements. Additional information on the District's budgetary accounting can also be found in Note 2.

### ***Financial Reporting***

This is the sixth year the District has prepared financial statements following GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB Statement No. 34 creates basic financial statements for reporting on the 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 many businesses. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

***Fund financial statements:*** These statements present information for individual major funds rather than by fund type. Non-major 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 governmental-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

***Statements of budgetary comparisons:*** These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

Management is responsible for preparing a Management Discussion and Analysis (MD&A) of the District. This discussion is presented in the financial section of this report and provides an assessment of the District finances for fiscal year 2006. This transmittal letter is intended to be read in conjunction with the District's MD&A.

## **Independent Audit**

State statutes require the District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the District's accounting and budgetary controls. Independent auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the District's financial statements as of and for the year ended June 30, 2006. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all school governments in Ohio. The District adopted and has been in conformance with that system beginning with its financial report for the year 1979.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Rocky River City School District for its comprehensive annual financial report (CAFR) for the year ended June 30, 2005. This was the fifteenth year that the Rocky River City School District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. This Certificate is the highest form of recognition available for governmental accounting and financial reporting. Attainment of this Certificate represents a substantial accomplishment of any governmental entity.

## **Acknowledgments**

The publication of this report continues in the District's tradition of providing a high level of accountability of the District's finances to taxpayers, investors and other internal and external users of such information. This accomplishment would not have been possible without the support and efforts of the entire Treasurer's office staff (Joyce Younglas, Greta Coleman, Janice Denham, Margaret Donnelly and Betsy Lauer) as well as administrators and other employees of the District. Assistance of the County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data provided in this report.

Special thanks are extended to the accounting firm of Julian & Grube, Inc. for their technical assistance in preparing this report as well as to Robin Reinbold, the District's Communication Specialist, for designing the covers and divider pages of this report. The Board of Education's commitment to excellence to the District in general, and support for this project in particular, are sincerely appreciated.

Respectfully Submitted,



Greg R. Markus, CPA  
Treasurer/CFO



Dennis L. Allen, Ed.D.  
Superintendent of Schools



**Rocky River City School District**

*Principal Officials*

*June 30, 2006*

***Board of Education***

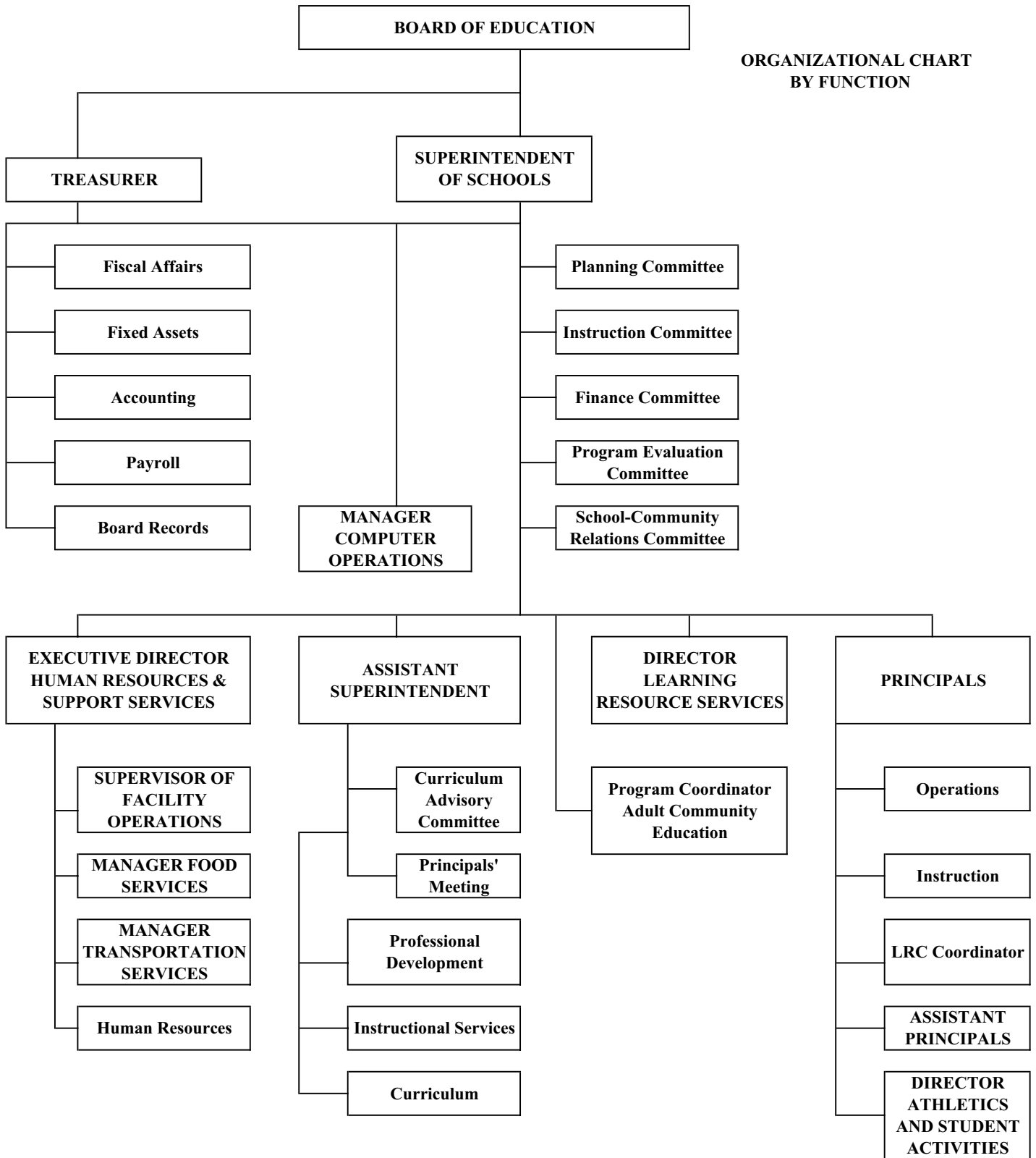
Kathleen Goepfert ..... President  
Scott E. Swartz ..... Vice-President  
Jay Milano ..... Member  
Jean A. Rounds ..... Member  
James D. Schieda ..... Member

***Administration***

Dennis L. Allen, Ed.D. .... Superintendent  
Cathy E. Dietlin, Ph.D. .... Assistant Superintendent  
Ted Blank ..... Executive Director of Human Resources and Support Services  
Greg R. Markus ..... Treasurer



ORGANIZATIONAL CHART BY FUNCTION



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Rocky River City  
School District, Ohio

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

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



President



Executive Director

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Rocky River City School District  
Cuyahoga County  
21600 Center Ridge Road  
Rocky River, Ohio 44116

To The Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rocky River City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rocky River City School District, Cuyahoga County, Ohio, as of June 30, 2006, and the respective changes in financial position and the cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3B during the year ended June 30, 2006, the District restated capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2006 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 grant agreements and other matters. While we did not opine of the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and processing the required supplementary information. However, we did not audit the information and express no opinion on it.

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



**Betty Montgomery**  
Auditor of State

December 20, 2006

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The discussion and analysis of Rocky River City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2006 are as follows:

*Overall:*

Total net assets increased by \$1.3 million. Total capital assets, net decreased from a restated \$30.3 million in 2005 to \$28.6 million in 2006. This occurred as depreciation expenses more than offset new capital assets. The restatement to capital assets was due to errors and omissions in prior years.

The District's outstanding debt decreased to \$21.9 million from \$23.6 million in 2005.

*Governmental Activities:*

Total net assets increased \$1.3 million from a restated balance of \$5.6 million at June 30, 2005 to \$6.9 million at June 30, 2006.

Revenues increased \$3.9 million primarily due to increased property tax revenue. This increase was due to the timing of the Cuyahoga County Auditor's collections.

Expenses decreased \$1.3 million or 4.0 percent, primarily in support services.

Program revenue, revenue from specific fees and grants, decreased to 9.2 percent of all revenue from 11.0 percent in 2005. Ninety percent of revenue comes from general revenue, primarily property taxes.

*Business-Type Activities:*

Total assets decreased by \$260 and total liabilities decreased by \$2,846. As a result total net assets increased by \$2,586.

Total revenue for fiscal 2006 was \$815,223 and total expenses were \$812,637 resulting in an increase to net assets of \$2,586.

**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 District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

*Reporting the District as a Whole*

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's 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, the District is divided into two distinct kinds of activities:

Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business –Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's adult and community education, food service and uniform school supplies programs are reported as business activities.

*Reporting the District's Most Significant Funds*

*Fund Financial Statements*

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, bond retirement debt service fund and the permanent improvement capital projects fund. The District's major proprietary fund is the food service fund.



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

*Governmental Funds:* Most of the 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 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 District's general government operations and the services it provides. Governmental fund information helps you 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.

*Proprietary Funds:* Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

**The District as a Whole**

Recall the Statement of Net Assets provides the perspective of the District as a whole. The Statement of Net Assets presents information on Governmental Activities and Business-Type Activities.

Table 1 provides a summary of the District's Governmental Activities and Business-Type Activities net assets for 2006 compared to the two prior years:

**TABLE 1**  
Net Assets  
(In millions)

	Governmental Activities			Business-Type Activities			Totals		
	2006	Restated 2005	2004	2006	2005	2004	2006	Restated 2005	2004
<b>Assets</b>									
Current and Other Assets	\$ 30.2	\$ 28.9	\$ 30.8	\$ 0.2	\$ 0.2	\$ 0.2	\$ 30.4	\$ 29.1	\$ 31.0
Capital Assets, Net	28.3	30.0	30.5	0.3	0.3	0.3	28.6	30.3	30.8
<i>Total Assets</i>	<u>58.5</u>	<u>58.9</u>	<u>61.3</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>59.0</u>	<u>59.4</u>	<u>61.8</u>
<b>Liabilities</b>									
Long-Term Liabilities	(26.0)	(27.9)	(29.3)	(0.1)	(0.1)	-	(26.1)	(28.0)	(29.3)
Other Liabilities	(25.6)	(25.4)	(22.5)	-	-	(0.1)	(25.6)	(25.4)	(22.6)
<i>Total Liabilities</i>	<u>(51.6)</u>	<u>(53.3)</u>	<u>(51.8)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(51.7)</u>	<u>(53.4)</u>	<u>(51.9)</u>
<b>Net Assets</b>									
Invested in Capital Assets									
Net of Related Debt	7.6	7.3	6.1	0.3	0.3	0.3	7.9	7.6	6.4
Restricted	3.5	3.3	3.6	-	-	-	3.5	3.3	3.6
Unrestricted (Deficit)	(4.2)	(5.0)	(0.2)	0.1	0.1	0.1	(4.1)	(4.9)	(0.1)
<i>Total Net Assets</i>	<u>\$ 6.9</u>	<u>\$ 5.6</u>	<u>\$ 9.5</u>	<u>\$ 0.4</u>	<u>\$ 0.4</u>	<u>\$ 0.4</u>	<u>\$ 7.3</u>	<u>\$ 6.0</u>	<u>\$ 9.9</u>

The capital assets and net assets for governmental activities reported for fiscal 2005 have been restated as described in Note 9 to the financial statements.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

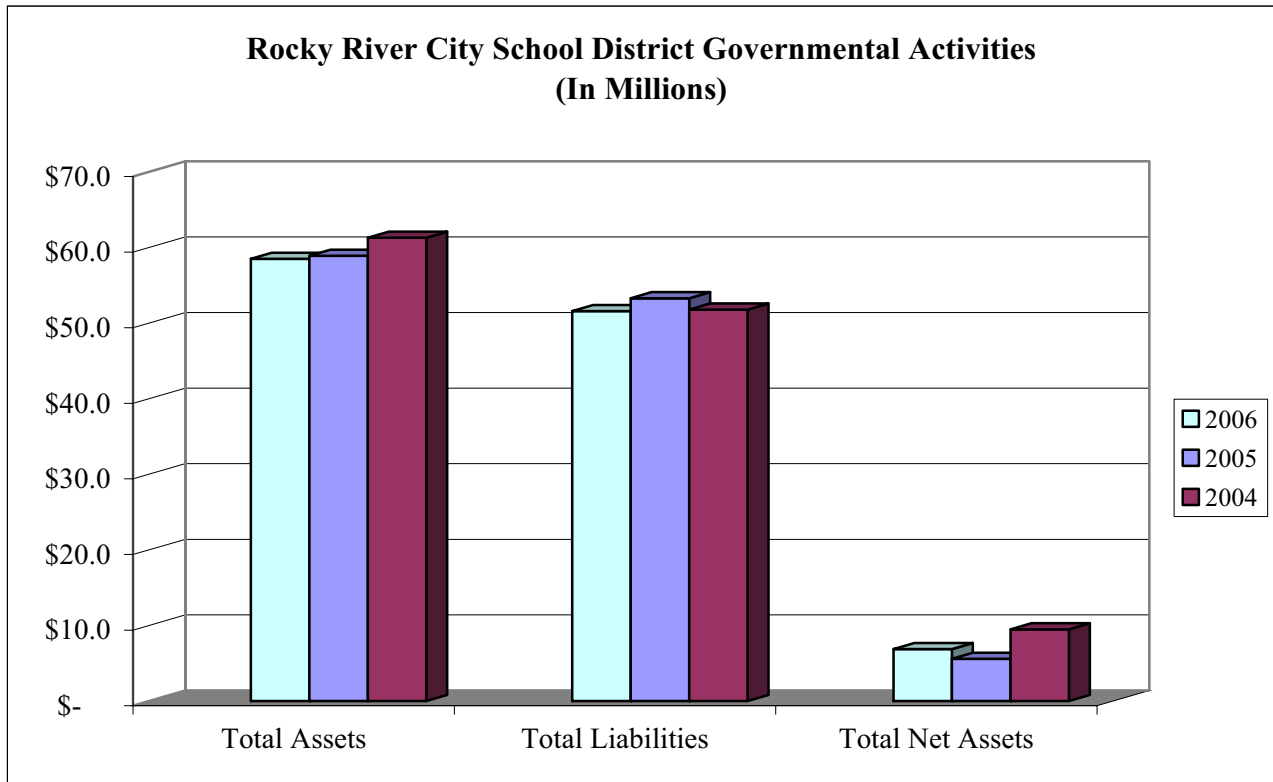
*Total Assets* decreased by \$0.4 million or 0.7 percent. Current assets increased \$1.3 million and capital assets decreased by \$1.7 million as depreciation expense more than offset capital additions.

*Total Liabilities* decreased by \$1.7 million. Long-term liabilities decreased \$1.9 million and other liabilities increased by \$0.2 million due to increased accrued wages.

The negative unrestricted portion of net assets of \$4.2 million was an increase of \$0.8 million from 2005.

**Graph 1**  
Net Assets Governmental Activities  
(In millions)

	2006	2005	2004
Total Assets	\$58.5	\$58.9	\$61.3
Total Liabilities	51.6	53.3	51.8
Total Net Assets	\$6.9	\$5.6	\$9.5



The District's assets declined \$0.4 million and total liabilities decreased by \$1.7 million. As a result, net assets increased \$1.3 million at the end of fiscal year 2006.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Table 2**  
**Changes in Net Assets**  
**(In millions)**

	Governmental Activities			Business-Type Activities			Total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
<b>Revenues</b>									
Program Revenues:									
Charges for Services and Sales	\$0.6	\$0.9	\$0.7	\$0.7	\$0.7	\$0.7	\$1.3	\$1.6	\$1.4
Operating Grants and Contributions	2.4	2.2	1.9	0.1	0.1	0.1	2.5	2.3	2.0
Capital Grants and Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Total Program Revenues</i>	<u>3.0</u>	<u>3.1</u>	<u>2.6</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>3.8</u>	<u>3.9</u>	<u>3.4</u>
General Revenues:									
Property Taxes	24.4	20.5	23.3	0.0	0.0	0.0	24.4	20.5	23.3
Grants and Entitlements	4.4	4.4	4.4	0.0	0.0	0.0	4.4	4.4	4.4
Other	0.4	0.3	0.1	0.0	0.0	0.0	0.4	0.3	0.1
<i>Total General Revenues</i>	<u>29.2</u>	<u>25.2</u>	<u>27.8</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>29.2</u>	<u>25.2</u>	<u>27.8</u>
<i>Total Revenues</i>	<u>32.2</u>	<u>28.3</u>	<u>30.4</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>33.0</u>	<u>29.1</u>	<u>31.2</u>
<b>Program Expenses</b>									
Instruction	16.9	17.0	15.9	0.0	0.0	0.0	16.9	17.0	15.9
Support Services:									
Pupils and Instructional Staff	2.4	3.0	2.5	0.0	0.0	0.0	2.4	3.0	2.5
Board of Education, Administration, Fiscal and Business	2.6	3.1	2.7	0.0	0.0	0.0	2.6	3.1	2.7
Operation and Maintenance of Plant	3.4	3.4	3.3	0.0	0.0	0.0	3.4	3.4	3.3
Pupil Transportation	1.3	1.2	1.4	0.0	0.0	0.0	1.3	1.2	1.4
Central	0.7	0.9	0.6	0.0	0.0	0.0	0.7	0.9	0.6
Extracurricular Activities	1.0	0.7	1.3	0.0	0.0	0.0	1.0	0.7	1.3
Intergovernmental and Non-Instructional Services	1.3	1.4	1.3	0.0	0.0	0.0	1.3	1.4	1.3
Interest and Fiscal Charges	1.3	1.5	1.4	0.0	0.0	0.0	1.3	1.5	1.4
Food Service	0.0	0.0	0.0	0.5	0.5	0.5	0.5	0.5	0.5
Uniform School Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Community Programs	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3
<i>Total Expenses</i>	<u>30.9</u>	<u>32.2</u>	<u>30.4</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>31.7</u>	<u>33.0</u>	<u>31.2</u>
<i>Increase (Decrease) in Net Assets</i>	1.3	(3.9)	0.0	0.0	0.0	0.0	1.3	(3.9)	0.0
<i>Net Assets July 1 (restated)</i>	<u>5.6</u>	<u>9.5</u>	<u>9.5</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>6.0</u>	<u>9.9</u>	<u>9.9</u>
<i>Net Assets June 30</i>	<u>\$6.9</u>	<u>\$5.6</u>	<u>\$9.5</u>	<u>\$0.4</u>	<u>\$0.4</u>	<u>\$0.4</u>	<u>\$7.3</u>	<u>\$6.0</u>	<u>\$9.9</u>

Revenue for *governmental activities* increased \$3.9 million. This was primarily due to the collection of property taxes on the 4.9 mill operating levy that was approved by voters of the District in May 2005. Collections on this levy began in January 2006.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Expenses for *governmental activities* decreased \$1.3 million. Support services expenses decreased \$1.2 million as the District spent a substantial amount on classroom services in fiscal 2005. The amount expended on support service for 2006 more closely resembles the 2004 expenditures.

Instruction and pupil and instructional staff support decreased \$0.7 million primarily due to a control in employee healthcare costs incurred during fiscal year 2006. These two areas account for 62.4 percent of District expenses for 2006. There were no other significant increases or decreases in expense from 2005.

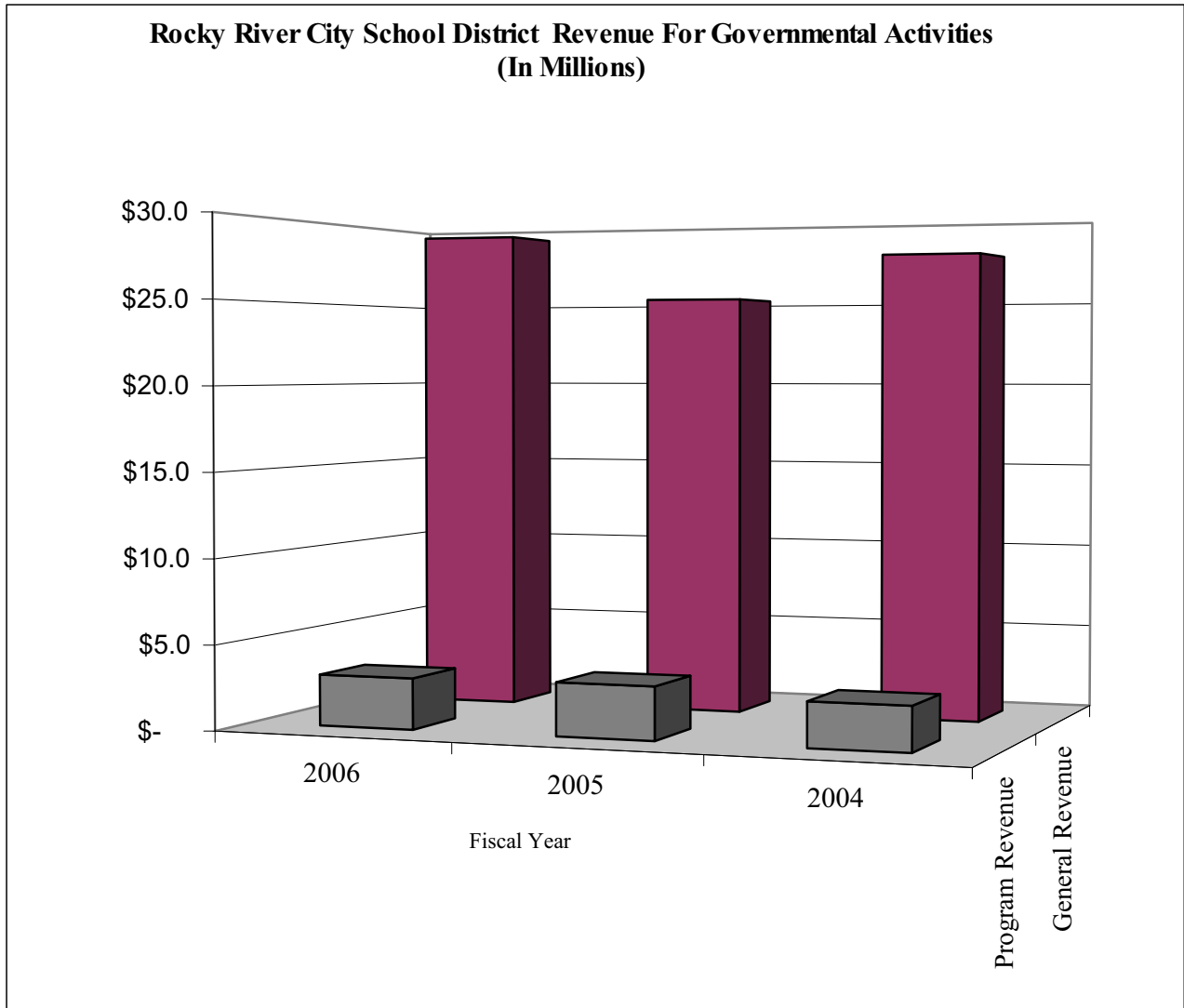
Program revenue support for governmental activities decreased \$0.1 million. The percent of program revenue support decreased to 9.2 percent of revenue from 11 percent in 2005. The vast majority of revenue supporting governmental activities, over 90 percent, continues to be general revenue. Over 75.7 percent of general revenue, \$24.4 million for 2006 were property taxes paid by the residents in the District. Only \$4.4 million (13.6 percent of general revenue) came from state or federal sources.

**Graph 2**  
Revenues for Governmental Activities

	2006	2005	2004
Program Revenue	\$3.0	\$3.1	\$2.6
General Revenue	29.2	25.2	27.8

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006



The District's property taxes increased \$3.9 million in 2006. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does 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 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 75.8 percent of revenues for governmental activities for District in fiscal year 2006.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government 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**  
Governmental Activities  
(In millions)

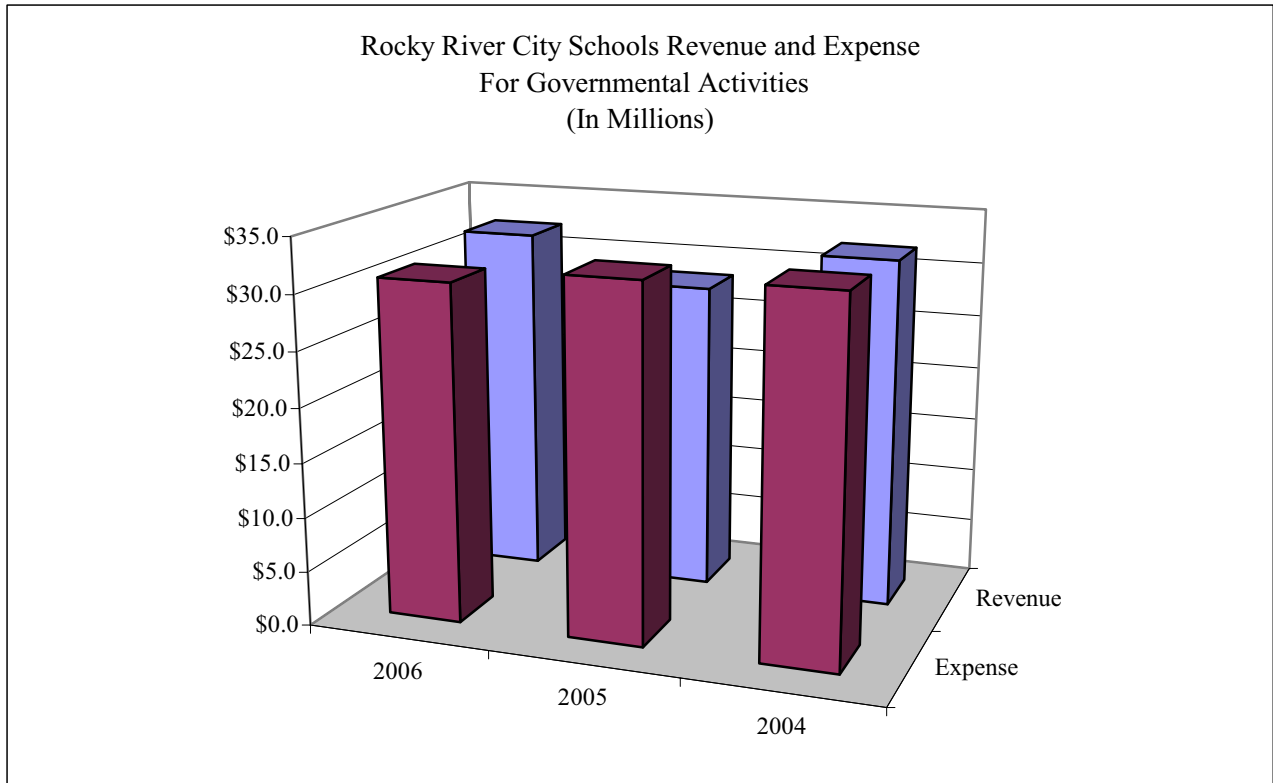
	2006		2005		2004	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	16.9	16.1	17.0	16.1	15.9	15.3
Support Services:						
Pupils and Instructional Staff	2.4	2.2	3.0	2.8	2.5	2.3
Board of Education, Administration, Fiscal and Business	2.6	2.6	3.1	3.1	2.7	2.7
Operation and Maintenance of Plant	3.4	3.1	3.4	2.9	3.3	3.2
Pupil Transportation	1.3	1.3	1.2	1.2	1.4	1.4
Central	0.7	0.7	0.9	0.9	0.6	0.6
Extracurricular Activities	1.0	0.8	0.7	0.5	1.3	1.0
Intergovernmental and Non-Instructional Services	1.3	(0.2)	1.4	0.1	1.3	0.0
Interest and Fiscal Charges	1.3	1.3	1.5	1.5	1.4	1.4
<b>Total</b>	<b>\$30.9</b>	<b>\$27.9</b>	<b>\$32.2</b>	<b>\$29.1</b>	<b>\$30.4</b>	<b>\$27.9</b>

**Graph 3**  
Revenue and Expense for Governmental Activities

	2006	2005	2004
Revenue	\$32.2	\$28.3	\$30.4
Expense	30.9	32.2	30.4

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**



Program revenue for governmental activities in 2006 was \$3.0 million or 9.3 percent of all revenue. For 2005, program revenue was \$3.1 million, or 11 percent of all revenue. The largest expense area was instruction, comprising \$16.9 million, 54.8 percent of all governmental activity expenses.

*Business-Type Activities*

Business-type activities include food service, uniform school supplies and community programs.

Total assets for business-type activities decreased \$260, primarily in capital assets due to depreciation expenses. Total liabilities also decreased by about \$2,846. While accounts payable decreased by \$3,567, intergovernmental and pension obligations payable decreased by \$913. As a result, total net assets increased by \$2,586.

Most program expenses for business-type activities are supported by program revenue. Of the \$815,223 in revenue for 2006, 98.5 percent was program revenue, primarily charges for services.

On an individual program basis, program revenue was over (under) program expenses as follows:

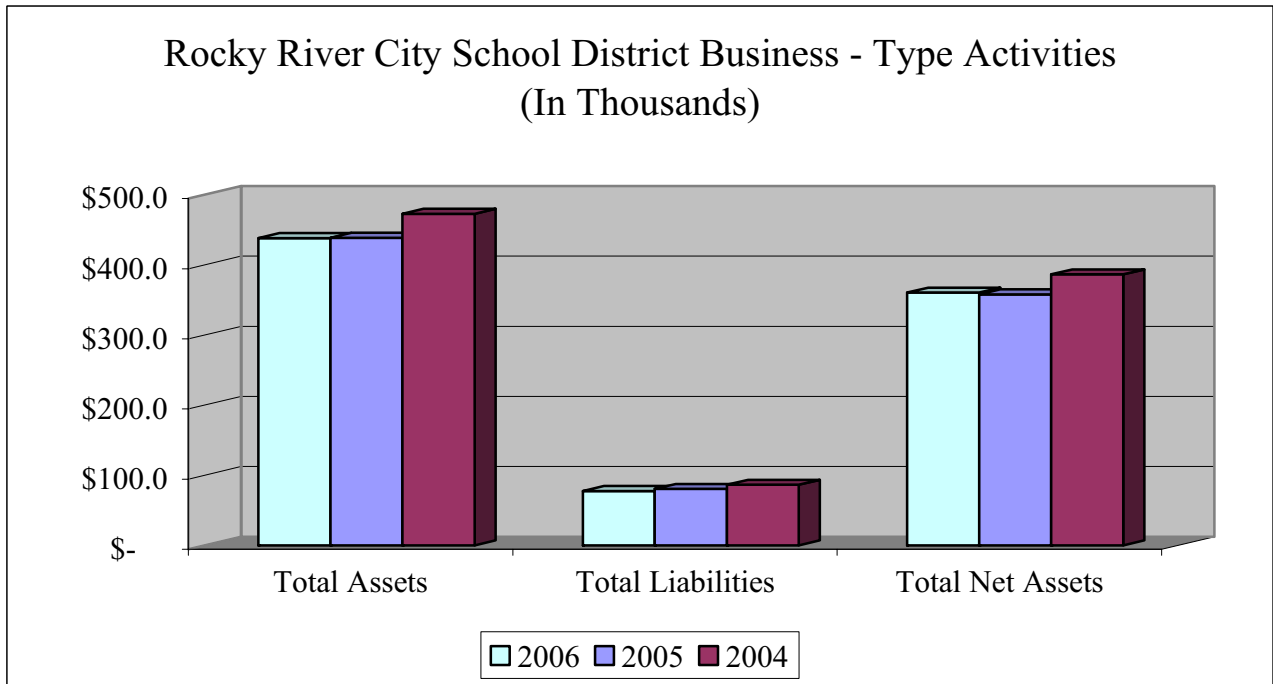
	In Thousands		
	2006	2005	2004
Food Service	\$22.7	\$3.3	(\$26.9)
Uniform School Supplies	4.2	(5.0)	3.8
Community Programs	(36.5)	(32.6)	(31.7)

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**Graph 4**  
Net Assets Business-Type Activities  
(In thousands)

	2006	2005	2004
Total Assets	\$438.3	\$438.6	\$473.1
Total Liabilities	77.7	80.6	86.5
Total Net Assets	\$360.6	\$358.0	\$386.6



*The District's Governmental Funds*

The District's major governmental funds are reported on pages 36-39. All governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$32.0 million and expenditures of \$31.5 million. The net change in fund balance for the year was most significant in the general fund. The general fund balance increased by \$0.2 million primarily due to the increase in tax revenue coupled with a control of healthcare costs incurred in fiscal year 2006.

*General Fund Budgeting Highlights*

The 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 budgeted fund is the general fund.

During the course of fiscal 2006, the District amended its general fund budget numerous times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

For the general fund, budget basis revenue was \$26.5 million, slightly above original budget estimates of \$26.3 million. This difference was primarily due to higher than anticipated tax revenue.

Total expenditures on the budget basis (cash outlays plus encumbrances) were \$26.6 million, about \$0.2 million below the District's original budget. This was primarily due to less than anticipated spending on instruction. On a budget basis, actual expenditures exceeded revenues by \$0.1 million.

The general fund budgetary statement can be found on page 40.

***Capital Assets and Debt Administration***

**Capital Assets**

**Table 4  
Capital Assets  
(In millions)**

	Governmental Activities			Business Type Activities			Totals		
	Restated						Restated		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Land	\$0.7	\$0.7	\$0.7	\$0.1	\$0.1	\$0.1	\$0.8	\$0.8	\$0.8
Construction in Progress	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Land Improvements	1.7	1.7	0.9	0.0	0.0	0.0	1.7	1.7	0.9
Buildings and Improvements	24.9	26.2	27.5	0.2	0.2	0.2	25.1	26.4	27.7
Furniture and Equipment	0.6	0.9	0.7	0.0	0.0	0.0	0.6	0.9	0.7
Vehicles	0.4	0.5	0.6	0.0	0.0	0.0	0.4	0.5	0.6
<i>Total</i>	<u>\$28.3</u>	<u>\$30.0</u>	<u>\$30.5</u>	<u>\$0.3</u>	<u>\$0.3</u>	<u>\$0.3</u>	<u>\$28.6</u>	<u>\$30.3</u>	<u>\$30.8</u>

The capital assets and net assets for governmental activities reported for fiscal 2005 have been restated as described in Note 9 to the financial statements. At the end of fiscal 2006, the District had \$28.6 million in capital assets. This is the value of land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles after depreciation is taken off their value. Of this total, \$28.3 million was in governmental activities. The largest component of these capital assets is buildings and improvements.

Total capital assets decreased from \$30.0 million in 2005 to \$28.3 million for 2006. This decrease was the result of capital acquisitions not fully offsetting depreciation expense.

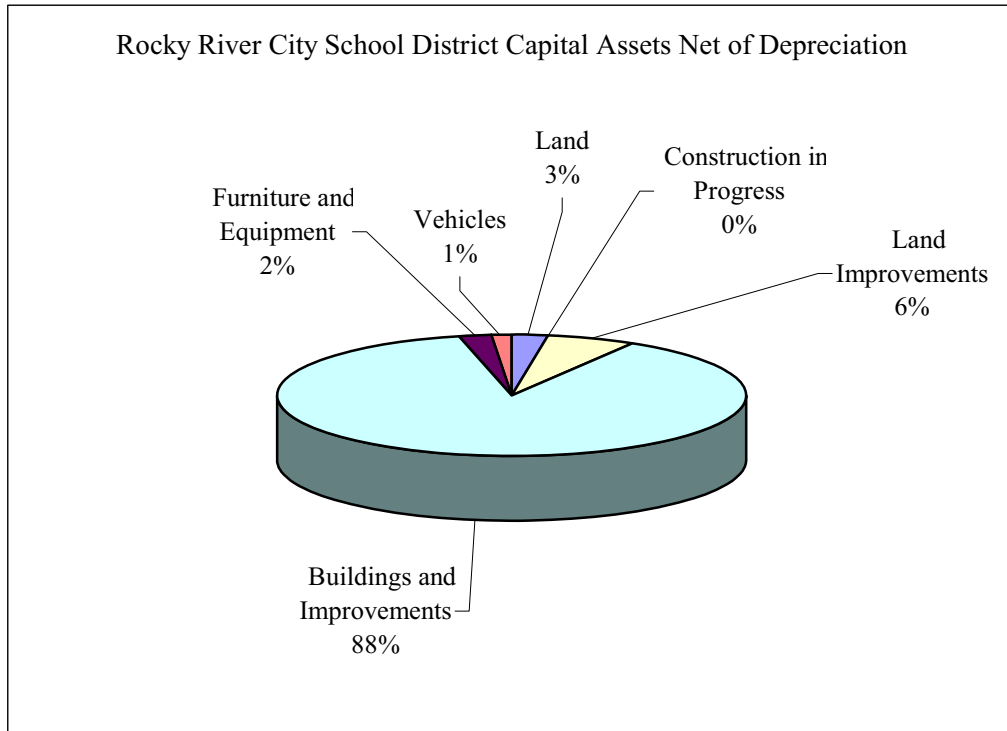
For additional information on capital assets, see Note 9 to the basic financial statements.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**Graph 5**  
Total Capital Assets  
(In millions)

	<u>Total 2006</u>
Land	\$0.7
Construction in Progress	0.0
Land Improvements	1.7
Building and Improvements	24.9
Furniture and Equipment	0.6
Vehicles	0.4
<b>Total</b>	<b><u><u>\$28.3</u></u></b>

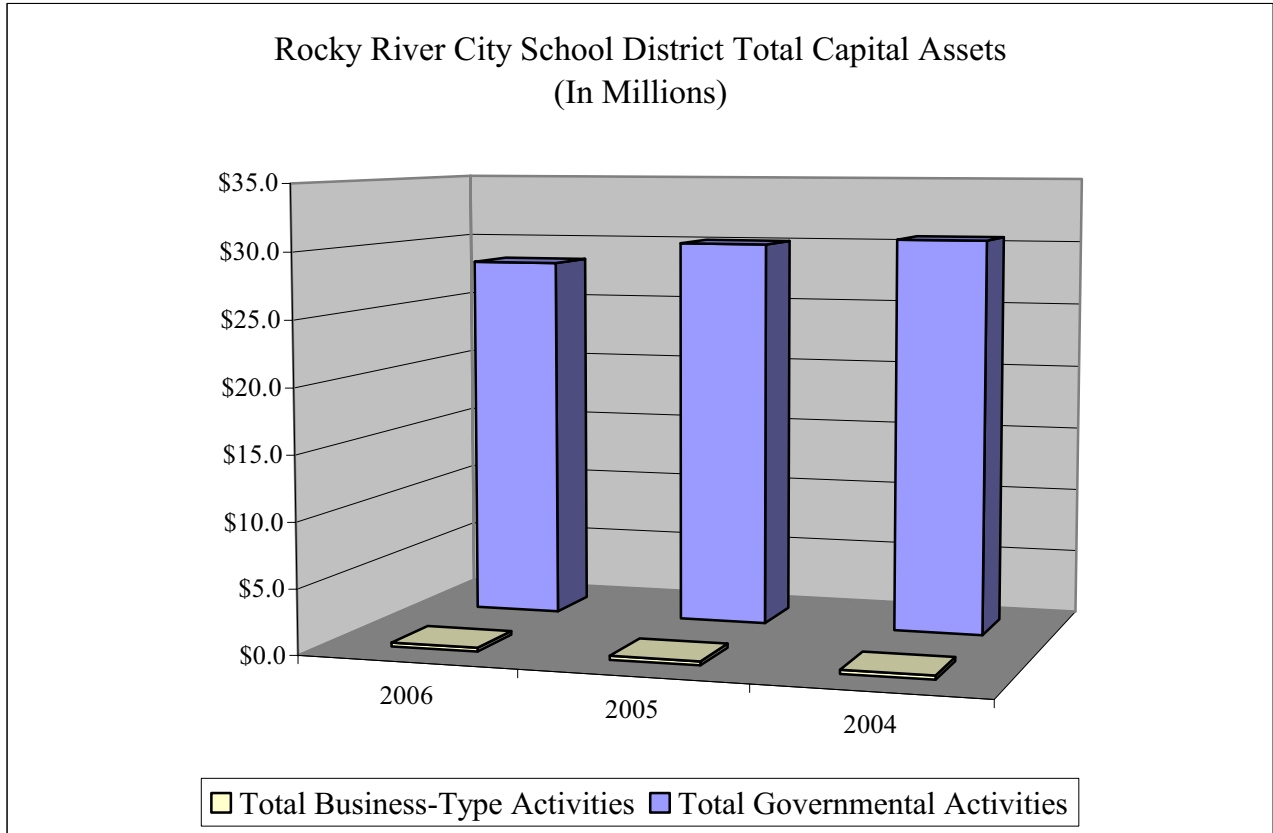


**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Graph 6**  
Capital Assets – Governmental and Business-Type Activities  
(In millions)

	2006	2005	2004
Total Governmental Activities	\$28.3	\$30.0	\$30.5
Total Business-Type Activities	0.3	0.3	0.3



**Debt**

At June 30, 2006 the District had \$21.9 million in bonds outstanding.

**Table 5**  
Outstanding Debt at Year End  
(In millions)

	Governmental Activities		
	2006	2005	2004
School Building General Obligation Bonds	\$17.3	\$18.4	\$19.3
School Building Refunding Bonds	4.6	5.2	5.8
<i>Total</i>	\$21.9	\$23.6	\$25.1

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

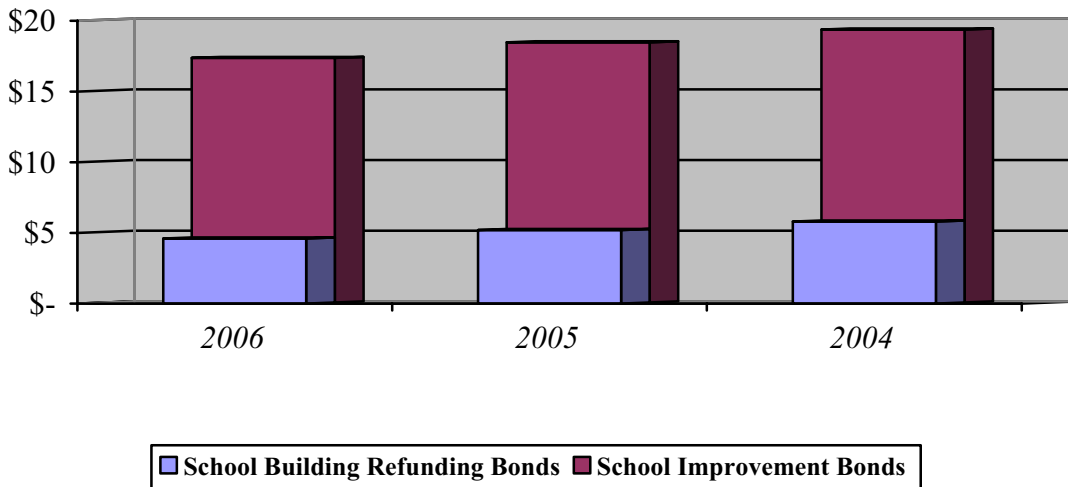
The School Building Improvement Bonds were issued following passage of the bond issue in November 1997. The bonds were issued in February 1998 in the amount of \$24.5 million. The proceeds of the issue funded the construction of the new middle school and renovations of the other facilities in the District.

The School Building Refunding Bonds were issued in September 1996 in the amount of \$10.0 million to advance refund bonds issued in January 1991. The original issue of these bonds followed passage of a bond issue at the regular election held in November 1989.

The District overall debt margin increased to \$42.2 million. This is the additional amount the District could issue as debt. The debt margin has increased \$0.4 million, or 1.0 percent, in one year, due to the paying down of current debt and increasing property valuations. For additional information on debt, see Note 10 to the basic financial statements.

**Graph 7**  
Outstanding Debt at Year End

Rocky River City School District Outstanding Debt at Year End  
(In Millions)

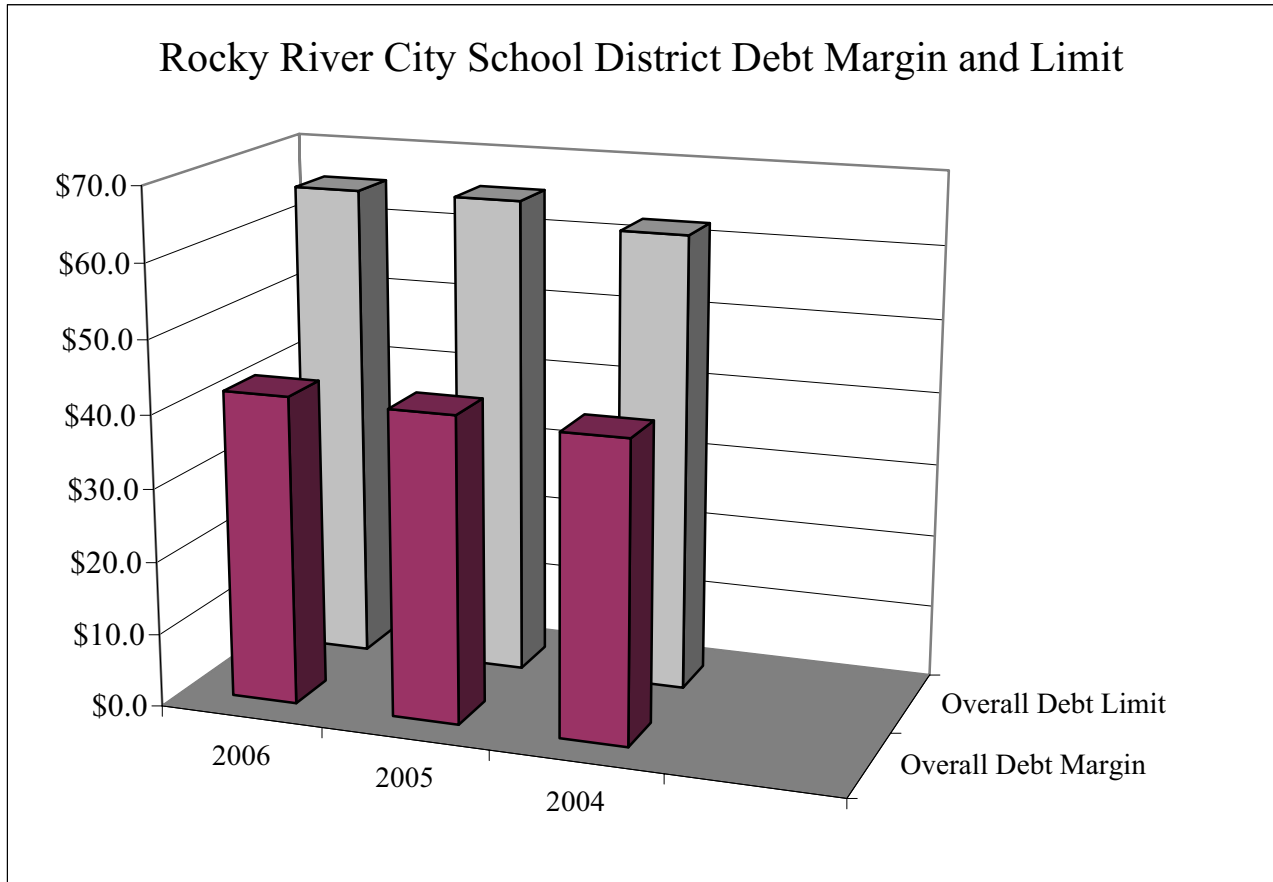


**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**Graph 8**  
Debt Limit and Margin

	2006	2005	2004
Overall Debt Limit	\$62.3	\$62.3	\$62.3
Overall Debt Margin	42.2	41.8	40.9



**District Outlook**

The Rocky River City School District is currently experiencing as rough and challenging a time financially as it has experienced since the early 1990's. As the preceding information shows, the District heavily depends on its property taxpayers. With the passage of a 4.9 mill-operating levy in May of 2005 (with collection beginning in January of 2006), the District is currently in the midst of the first year of a three year levy cycle that was planned to enable the District to continue its currently excellent education program level. However, with the continued financial pressures of personnel needs to continue the level of services offered to our students, employee healthcare costs, facilities needs, the continued erosion of the commercial tax base through state tax law changes detrimental to schools (e.g. the "phase out" of the personal property tax) as well as commercial and residential reductions in property values leading to significant lost revenues, this goal has become much more difficult to achieve.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

A once healthy General Fund cash balance was brought down to a dangerously low level at the end of fiscal year 2005 and did not significantly improve by the end of fiscal year 2006. This does not leave any "safety net" for the District in the case of less-than-expected revenues and/or higher-than-expected costs.

While the District was successful in increasing its tax revenue base by \$3.4 million annually effective January of 2006, this increase is a one-time increase. State law fixes the amount of this increase, forcing it to remain nearly constant as time moves forward. Thus, management must diligently plan expenses, staying carefully within the District's available revenue streams.

To this end, the District took several steps during fiscal year 2006 to stabilize the District's finances for the current fiscal year as well as the next two budget years. First, negotiations were completed by May of 2006 with the two bargaining units that represent the majority of the District's employees and resulted in a 1% annual salary increase over the current salary schedules for the next two fiscal years to begin in July 2007. This 1% increase was also extended to the salaries of all non-bargaining employees, which includes administrators and certain non-teaching personnel. This increase compared very favorably to the 2% – 3.5% annual increases that were agreed to by many other Districts throughout the area. The District also reduced projected salary costs by electing not to replace some support staff personnel for fiscal year 2006 and hiring in certificated staff replacements at a lower placement on the teacher salary schedule. The District was also able to save additional dollars by moving off of a self-insured plan to a fully insured contingent premium plan through a commercial carrier starting in July 2005. The District negotiated a two year extension of this coverage that caps the annual increase at 12%, which is approximately the current inflation trend overall for health care increases. District management also instituted reductions in non-personnel spending in many areas for fiscal year 2006 as well as budget year 2007 at an amount of 10 – 20% over prior year levels.

Educationally, the District continues to perform among the highest level as determined by the State of Ohio, which is measured by an objectively defined set of proficiency criteria. This District's most recent state report card shows its students having met or exceeded the minimum requirements on 25 out of 25 objective performance indicators as mandated by the State of Ohio, therefore receiving an "Excellent" designation from the State.

State funding remains a concern as well. Since 1993 the state system of funding schools has been under court challenge, challenging both the equity and adequacy of Ohio's system of funding public education. In the most recent filings on September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the Districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to Districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case in December 2003.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

In response to the school funding issue, the Governor of the State of Ohio assembled a "Blue Ribbon Task Force on Financing Student Successes" to offer recommendations on how the State can better fund education. This task force issued a report of their recommendations in February of 2005 that can be accessed by visiting <http://www.blueribbontaskforce.ohio.gov/02022005brtf.pdf>.

In June 2005, the State Legislature made landmark changes to the State's taxing structure with the passage of House Bill 66 to take effect July 1, 2005. The most significant tax law changes as a result of this bill include the following:

**Introduction of the new commercial activity tax (CAT), an annual business privilege tax measured by a business's gross receipt.** The amount of taxable gross receipts determines whether or how the CAT applies. Businesses with annual gross receipts of \$150,000 or less are not subject to the CAT; those with receipts from \$150,001 - \$1,000,000 pay a minimum \$150 tax; receipts exceeding one million dollars -- when the tax is fully phased in -- will be taxed at a rate of 0.26 percent (tax rate for the first tax period from July 1, 2005 to December 31, 2005 is only 0.06 percent).

**Phase-out over five years of the corporation franchise tax at the rate of 20 percent annually beginning in tax year 2006.**

**Phase-out of the tangible personal property (TPP) tax on most businesses inventory, manufacturing machinery and equipment, and furniture and fixtures over four years at about 25 percent annually beginning in tax year 2006.** Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will be subject to no TPP tax. Ohio School Districts will be held "harmless" for lost revenue through tax year 2009 by the State. Reimbursements will then be phased out through tax year 2018. Ohio school districts began receiving these reimbursements in May of 2006.

**The individual income tax rate cut for all tax brackets of 4.2 percent for tax year 2005 and an additional 4.2 percent (from 2004 rates) each year through 2009 for a total cut of 21 percent.**

**The state sales tax rate cut from 6 to 5.5 percent.** The vendor discount of .9 percent remains for timely filed and paid sales tax returns.

**A cigarette excise tax increase of \$.70 to a total of \$1.25 per pack of 20 cigarettes.** Cigarette wholesalers and retailers must pay the additional 70 cents per pack on cigarettes that were previously taxed but still in inventory at the end of business June 30th.

**Elimination of the ten percent property tax rollback on most commercial and industrial real property. The rollback remains for residential and agricultural real property.**

**Ohio's additional estate tax (sponge tax) is eliminated. The Ohio basic estate tax remains in effect.**

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The District is currently unable to determine what effects, if any, this new taxing structure will have on future state school funding in general and its specific state funding in particular. What is known at this point in time relating to the District's state funding is that the District is considered a "transitional guarantee district" under state law. This means that we are currently guaranteed the amount of state foundation funding that was received in the prior fiscal year, which was approximately \$800,000. This guarantee is only effective in current law through the end of fiscal year 2007. As of the date of this report, there has not been any legislation enacted to continue this level of funding.

As a result of the above, all of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet students' needs over the next several years.

In conclusion, Rocky River City School District has committed itself to financial excellence for many years. The District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1991 as well as the Association of School Business Officials (ASBO) Certificate of Excellence in financial Reporting for several years. The District was one of the first Districts in the nation to receive the GFOA Certificate of Achievement for its 2001 Comprehensive Annual Financial Report using the financial reporting model as required by GASB Statement No. 34. In addition, the District's system of budgeting and internal controls is well-regarded and the District is strongly committed to continuous improvement in financial reporting to our community and all other potential users of our financial information. The District's Board and management believe these assertions are evidenced by this report.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors, creditors and the general public with an overview of the District's finances and to show accountability for the money it receives. If you have any questions about this report or would like additional financial information about the District, please contact Greg R. Markus, CPA, Treasurer/CFO at the Rocky River City School District, 21600 Center Ridge Road, Rocky River, Ohio, 44116-3980 or by email at [Greg\\_Markus@admin.rockyriver.k12.oh.us](mailto:Greg_Markus@admin.rockyriver.k12.oh.us) . You may also visit the District's website at <http://www.lnoca.org/~rrcs/>.



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . .	\$ 4,077,117	\$ 119,655	\$ 4,196,772
Receivables:			
Taxes . . . . .	25,656,224	-	25,656,224
Accounts . . . . .	94,791	338	95,129
Intergovernmental . . . . .	260,110	-	260,110
Accrued interest . . . . .	819	-	819
Materials and supplies inventory. . . . .	51,526	3,098	54,624
Inventory held for resale . . . . .	7	11,359	11,366
Capital assets:			
Land . . . . .	722,230	48,591	770,821
Depreciable capital assets, net. . . . .	27,611,688	255,244	27,866,932
Total capital assets, net . . . . .	<u>28,333,918</u>	<u>303,835</u>	<u>28,637,753</u>
 Total assets. . . . .	 <u>58,474,512</u>	 <u>438,285</u>	 <u>58,912,797</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	238,014	2,623	240,637
Contracts payable . . . . .	25,000	-	25,000
Accrued wages and benefits . . . . .	2,101,725	7,511	2,109,236
Pension obligation payable. . . . .	702,994	13,928	716,922
Intergovernmental payable . . . . .	380,988	569	381,557
Deferred revenue . . . . .	21,997,160	-	21,997,160
Accrued interest payable . . . . .	106,292	-	106,292
Long-term liabilities:			
Due within one year. . . . .	2,607,280	6,644	2,613,924
Due within more than one year . . . . .	23,428,381	46,458	23,474,839
 Total liabilities . . . . .	 <u>51,587,834</u>	 <u>77,733</u>	 <u>51,665,567</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt. . . . .	7,597,331	303,835	7,901,166
Restricted for:			
Capital projects . . . . .	66,669	-	66,669
Debt service. . . . .	3,067,911	-	3,067,911
Locally funded programs . . . . .	26,334	-	26,334
State funded programs . . . . .	254,091	-	254,091
Federally funded programs . . . . .	9,025	-	9,025
Student activities . . . . .	31,724	-	31,724
Other purposes . . . . .	10,339	-	10,339
Unrestricted (deficit) . . . . .	<u>(4,176,753)</u>	<u>56,717</u>	<u>(4,120,036)</u>
 Total net assets . . . . .	 <u>\$ 6,886,671</u>	 <u>\$ 360,552</u>	 <u>\$ 7,247,223</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
<b>Governmental activities:</b>			
Instruction:			
Regular . . . . .	\$ 13,050,129	\$ 222,426	\$ 116,214
Special . . . . .	3,496,076	-	565,052
Vocational . . . . .	356,268	-	595
Other . . . . .	25,934	-	-
Support services:			
Pupil . . . . .	1,698,202	-	125,889
Instructional staff . . . . .	674,629	-	49,684
Board of education . . . . .	23,938	-	-
Administration . . . . .	1,451,888	-	521
Fiscal . . . . .	821,449	-	-
Business . . . . .	392,739	-	-
Operations and maintenance . . . . .	3,366,885	220,420	-
Pupil transportation . . . . .	1,277,514	-	1,278
Central . . . . .	697,162	-	8,907
Operation of non-instructional services . . . . .	138,081	-	144,535
Extracurricular activities . . . . .	951,808	161,421	5,212
Intergovernmental . . . . .	1,153,747	-	1,341,412
Interest and fiscal charges . . . . .	1,325,848	-	-
Total governmental activities . . . . .	<u>30,902,297</u>	<u>604,267</u>	<u>2,359,299</u>
<b>Business-type activities:</b>			
Food service . . . . .	454,896	388,335	89,299
Nonmajor enterprise funds:			
Uniform school supplies . . . . .	22,860	27,041	-
Community programs . . . . .	334,881	298,381	-
Total business-type activities . . . . .	<u>812,637</u>	<u>713,757</u>	<u>89,299</u>
Totals . . . . .	<u>\$ 31,714,934</u>	<u>\$ 1,318,024</u>	<u>\$ 2,448,598</u>

**General Revenues:**

Property taxes levied for:

  General purposes . . . . .

  Debt service . . . . .

  Grants and entitlements not restricted  
  to specific programs . . . . .

  Investment earnings . . . . .

  Miscellaneous . . . . .

Total general revenues . . . . .

Change in net assets . . . . .

**Net assets at beginning of year (restated) . . . . .**

**Net assets at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue  
and Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (12,711,489)	\$ -	\$ (12,711,489)
(2,931,024)	-	(2,931,024)
(355,673)	-	(355,673)
(25,934)	-	(25,934)
(1,572,313)	-	(1,572,313)
(624,945)	-	(624,945)
(23,938)	-	(23,938)
(1,451,367)	-	(1,451,367)
(821,449)	-	(821,449)
(392,739)	-	(392,739)
(3,146,465)	-	(3,146,465)
(1,276,236)	-	(1,276,236)
(688,255)	-	(688,255)
6,454	-	6,454
(785,175)	-	(785,175)
187,665	-	187,665
(1,325,848)	-	(1,325,848)
<u>(27,938,731)</u>	<u>-</u>	<u>(27,938,731)</u>
-	22,738	22,738
-	4,181	4,181
-	(36,500)	(36,500)
<u>-</u>	<u>(9,581)</u>	<u>(9,581)</u>
<u>(27,938,731)</u>	<u>(9,581)</u>	<u>(27,948,312)</u>
21,672,596	-	21,672,596
2,724,776	-	2,724,776
4,439,789	-	4,439,789
253,614	3,197	256,811
185,323	8,970	194,293
<u>29,276,098</u>	<u>12,167</u>	<u>29,288,265</u>
1,337,367	2,586	1,339,953
5,549,304	357,966	5,907,270
<u>\$ 6,886,671</u>	<u>\$ 360,552</u>	<u>\$ 7,247,223</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

	<b>General</b>	<b>Bond Retirement</b>	<b>Permanent Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 1,144,167	\$ 2,406,502	\$ 71,129	\$ 445,733	\$ 4,067,531
<b>Receivables:</b>					
Taxes . . . . .	22,749,131	2,907,093	-	-	25,656,224
Accounts . . . . .	86,639	-	-	-	86,639
Intergovernmental . . . . .	260,000	-	-	110	260,110
Accrued interest . . . . .	645	-	40	133	818
Interfund loans . . . . .	-	350,452	-	-	350,452
Materials and supplies inventory . . . . .	51,526	-	-	-	51,526
<b>Total assets . . . . .</b>	<b>\$ 24,292,108</b>	<b>\$ 5,664,047</b>	<b>\$ 71,169</b>	<b>\$ 445,976</b>	<b>\$ 30,473,300</b>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 197,284	\$ -	\$ 4,500	\$ 36,230	\$ 238,014
Contracts payable . . . . .	25,000	-	-	-	25,000
Accrued wages and benefits . . . . .	2,099,097	-	-	2,628	2,101,725
Compensated absences payable . . . . .	715,618	-	-	-	715,618
Pension obligation payable . . . . .	700,970	-	-	2,024	702,994
Intergovernmental payable . . . . .	379,960	630	-	397	380,987
Interfund loan payable . . . . .	-	-	-	350,452	350,452
Deferred revenue . . . . .	20,771,041	2,608,983	-	-	23,380,024
<b>Total liabilities . . . . .</b>	<b>24,888,970</b>	<b>2,609,613</b>	<b>4,500</b>	<b>391,731</b>	<b>27,894,814</b>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	205,165	-	52,666	115,974	373,805
Reserved for property tax unavailable for appropriation . . . . .	2,293,711	292,844	-	-	2,586,555
Reserved for debt service . . . . .	-	2,761,590	-	-	2,761,590
Reserved for unclaimed monies . . . . .	10,339	-	-	-	10,339
<b>Unreserved, undesignated (deficit), reported in:</b>					
General fund . . . . .	(3,106,077)	-	-	-	(3,106,077)
Special revenue funds . . . . .	-	-	-	288,723	288,723
Capital projects funds . . . . .	-	-	14,003	(350,452)	(336,449)
<b>Total fund balances (deficit) . . . . .</b>	<b>(596,862)</b>	<b>3,054,434</b>	<b>66,669</b>	<b>54,245</b>	<b>2,578,486</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 24,292,108</b>	<b>\$ 5,664,047</b>	<b>\$ 71,169</b>	<b>\$ 445,976</b>	<b>\$ 30,473,300</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2006

<b>Total governmental fund balances</b>		\$	2,578,486
<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.			28,333,918
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	1,057,864	
Accounts		75,000	
Intergovernmental		250,000	
Total			1,382,864
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.			17,738
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(21,865,363)	
Compensated absences		(3,312,221)	
Capital lease obligation		(142,459)	
Accrued interest payable		(106,292)	
Total			(25,426,335)
<b>Net assets of governmental activities</b>		\$	6,886,671

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 21,533,500	\$ 2,707,172	\$ -	\$ -	\$ 24,240,672
Tuition . . . . .	117,209	-	-	-	117,209
Earnings on investments. . . . .	236,964	-	3,672	16,563	257,199
Extracurricular. . . . .	-	-	-	161,421	161,421
Classroom materials and fees . . . . .	18,354	-	-	-	18,354
Contributions and donations. . . . .	500	-	-	81,763	82,263
Rentals. . . . .	18,763	-	51,439	95,218	165,420
Other local revenues. . . . .	143,009	-	-	129,177	272,186
Intergovernmental - State . . . . .	4,083,669	356,120	-	1,379,174	5,818,963
Intergovernmental - Federal. . . . .	-	-	-	897,862	897,862
Total revenue . . . . .	<u>26,151,968</u>	<u>3,063,292</u>	<u>55,111</u>	<u>2,761,178</u>	<u>32,031,549</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	12,314,142	-	25,749	109,968	12,449,859
Special. . . . .	2,865,401	-	-	561,800	3,427,201
Vocational. . . . .	350,981	-	-	391	351,372
Other . . . . .	24,803	-	-	-	24,803
Support Services:					
Pupil. . . . .	1,503,801	-	-	167,386	1,671,187
Instructional staff . . . . .	678,212	-	-	45,540	723,752
Board of education . . . . .	22,987	-	-	-	22,987
Administration. . . . .	1,370,877	-	-	500	1,371,377
Fiscal . . . . .	756,342	37,144	-	-	793,486
Business . . . . .	370,679	-	-	-	370,679
Operations and maintenance. . . . .	3,220,950	-	-	-	3,220,950
Pupil transportation . . . . .	1,137,641	-	-	840	1,138,481
Central. . . . .	630,439	-	-	8,093	638,532
Operation of non-instructional services . . . .	-	-	-	142,786	142,786
Extracurricular activities. . . . .	696,435	-	-	231,650	928,085
Facilities acquisition and construction . . . .	-	-	9,570	113	9,683
Intergovernmental pass through . . . . .	-	-	-	1,154,008	1,154,008
Debt service:					
Principal retirement . . . . .	44,419	1,955,000	-	-	1,999,419
Interest and fiscal charges . . . . .	5,891	1,078,745	-	218	1,084,854
Total expenditures . . . . .	<u>25,994,000</u>	<u>3,070,889</u>	<u>35,319</u>	<u>2,423,293</u>	<u>31,523,501</u>
Net change in fund balances . . . . .	157,968	(7,597)	19,792	337,885	508,048
<b>Fund balances (deficit) at beginning of year . . . . .</b>	<u>(754,830)</u>	<u>3,062,031</u>	<u>46,877</u>	<u>(283,640)</u>	<u>2,070,438</u>
<b>Fund balances (deficit) at end of year . . . .</b>	<u>\$ (596,862)</u>	<u>\$ 3,054,434</u>	<u>\$ 66,669</u>	<u>\$ 54,245</u>	<u>\$ 2,578,486</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**Net change in fund balances - total governmental funds** \$ 508,048

*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 are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$ 92,209	
Current year depreciation	(1,762,653)	
<b>Total</b>		<b>(1,670,444)</b>

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported on the statement of activities:

Decrease in accrued interest payable	4,021	
Accretion of interest on "capital appreciation" bonds	(245,015)	
		<b>(240,994)</b>

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

Taxes	156,700	
Interest	(3,585)	
Accounts	75,000	
Intergovernmental	(20,000)	
<b>Total</b>		<b>208,115</b>

Repayment of bonds and capital lease obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:

Bonds	1,955,000	
Capital lease	44,419	
<b>Total</b>		<b>1,999,419</b>

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

528,794

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

4,429

**Change in net assets of governmental activities** \$ 1,337,367

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 21,687,454	\$ 21,598,418	\$ 21,703,232	\$ 104,814
Tuition . . . . .	130,536	130,000	118,582	(11,418)
Earnings on investments. . . . .	185,763	185,000	233,396	48,396
Classroom materials and fees . . . . .	17,070	17,000	18,354	1,354
Contributions and donations. . . . .	502	500	500	-
Rentals. . . . .	50,507	50,300	53,763	3,463
Other local revenues. . . . .	123,507	123,000	87,331	(35,669)
Intergovernmental - State . . . . .	4,052,734	4,036,096	4,083,669	47,573
Total revenue . . . . .	<u>26,248,073</u>	<u>26,140,314</u>	<u>26,298,827</u>	<u>158,513</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	12,572,246	12,521,668	12,511,743	9,925
Special. . . . .	2,966,107	2,954,174	2,948,943	5,231
Vocational. . . . .	381,036	379,503	379,029	474
Other . . . . .	25,728	25,624	24,940	684
Support Services:				
Pupil. . . . .	1,421,310	1,415,592	1,408,675	6,917
Instructional staff . . . . .	743,807	740,815	727,130	13,685
Board of education . . . . .	34,110	33,973	22,595	11,378
Administration. . . . .	1,548,029	1,541,801	1,523,682	18,119
Fiscal . . . . .	679,365	676,632	669,103	7,529
Business . . . . .	399,492	397,886	394,636	3,250
Operations and maintenance. . . . .	3,220,601	3,207,645	3,206,006	1,639
Pupil transportation . . . . .	1,210,419	1,205,549	1,203,473	2,076
Central. . . . .	814,116	810,841	757,326	53,515
Extracurricular activities. . . . .	738,369	735,399	716,016	19,383
Debt service:				
Principal retirement . . . . .	35,141	35,000	35,000	-
Total expenditures . . . . .	<u>26,789,876</u>	<u>26,682,102</u>	<u>26,528,297</u>	<u>153,805</u>
Excess of revenues over (under) expenditures. . . . .	<u>(541,803)</u>	<u>(541,788)</u>	<u>(229,470)</u>	<u>312,318</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	502	500	57,204	56,704
Refund of prior year receipts . . . . .	(593)	(591)	(591)	-
Advances in . . . . .	30,586	30,460	30,460	-
Total other financing sources (uses) . . . . .	<u>30,495</u>	<u>30,369</u>	<u>87,073</u>	<u>56,704</u>
Net change in fund balance . . . . .	(511,308)	(511,419)	(142,397)	369,022
<b>Fund balance at beginning of year . . . . .</b>	120,212	120,212	120,212	-
<b>Prior year encumbrances appropriated . . . . .</b>	503,254	503,254	503,254	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 112,158</u>	<u>\$ 112,047</u>	<u>\$ 481,069</u>	<u>\$ 369,022</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2006

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Food Service</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents . . . . .	\$ 86,480	\$ 33,175	\$ 119,655	\$ 9,586
Receivables:				
Accounts . . . . .	-	338	338	8,152
Inventory held for resale. . . . .	4,472	6,887	11,359	-
Materials and supplies inventory . . . . .	3,098	-	3,098	-
Total current assets . . . . .	<u>94,050</u>	<u>40,400</u>	<u>134,450</u>	<u>17,738</u>
Noncurrent assets:				
Land . . . . .	-	48,591	48,591	-
Depreciable capital assets, net. . . . .	37,492	217,752	255,244	-
Total assets . . . . .	<u>131,542</u>	<u>306,743</u>	<u>438,285</u>	<u>17,738</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	-	2,623	2,623	-
Accrued wages and benefits . . . . .	5,834	1,677	7,511	-
Compensated absences. . . . .	6,644	-	6,644	-
Pension obligation payable. . . . .	9,532	4,396	13,928	-
Intergovernmental payable . . . . .	495	74	569	-
Total current liabilities . . . . .	<u>22,505</u>	<u>8,770</u>	<u>31,275</u>	<u>-</u>
Long-term liabilities:				
Compensated absences payable. . . . .	36,493	9,965	46,458	-
Total liabilities . . . . .	<u>58,998</u>	<u>18,735</u>	<u>77,733</u>	<u>-</u>
<b>Net assets:</b>				
Invested in capital assets . . . . .	37,492	266,343	303,835	-
Unrestricted. . . . .	35,052	21,665	56,717	17,738
Total net assets . . . . .	<u>\$ 72,544</u>	<u>\$ 288,008</u>	<u>\$ 360,552</u>	<u>\$ 17,738</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Business-Type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Food Service</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
<b>Operating revenues:</b>				
Tuition and fees . . . . .	\$ -	\$ 325,422	\$ 325,422	\$ -
Sales/charges for services . . . . .	388,335	-	388,335	661,504
Other . . . . .	-	8,970	8,970	10,683
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues . . . . .	388,335	334,392	722,727	672,187
<b>Operating expenses:</b>				
Personal services . . . . .	184,542	30,987	215,529	-
Purchased services . . . . .	17,011	137,272	154,283	41,937
Materials and supplies . . . . .	67,421	111,951	179,372	-
Cost of sales . . . . .	177,593	22,860	200,453	-
Depreciation . . . . .	8,079	15,191	23,270	-
Claims . . . . .	-	-	-	101,456
Other . . . . .	-	39,480	39,480	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses . . . . .	454,646	357,741	812,387	143,393
Operating income (loss) . . . . .	(66,311)	(23,349)	(89,660)	528,794
<b>Nonoperating revenues:</b>				
Federal donated commodities . . . . .	26,836	-	26,836	-
Interest revenue . . . . .	3,197	-	3,197	-
Loss on disposal of capital assets . . . . .	(250)	-	(250)	-
Grants and subsidies . . . . .	62,463	-	62,463	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total nonoperating revenues . . . . .	92,246	-	92,246	-
Change in net assets . . . . .	25,935	(23,349)	2,586	528,794
<b>Net assets at beginning of year . . . . .</b>	<hr/>	<hr/>	<hr/>	<hr/>
	46,609	311,357	357,966	(511,056)
<b>Net assets at end of year . . . . .</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 72,544	\$ 288,008	\$ 360,552	\$ 17,738

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Food Service</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>				
Cash received from tuition and fees . . . . .	\$ -	\$ 325,499	\$ 325,499	\$ -
Cash received from sales/charges for services. . . . .	388,348	-	388,348	661,504
Cash received from other operations. . . . .	-	8,970	8,970	2,531
Cash payments for personal services. . . . .	(184,982)	(29,826)	(214,808)	-
Cash payments for purchased services. . . . .	(17,011)	(136,155)	(153,166)	(41,937)
Cash payments for materials and supplies . . . . .	(27,560)	(116,635)	(144,195)	-
Cash payments for cost of goods sold . . . . .	(187,005)	(25,629)	(212,634)	-
Cash payments for claims . . . . .	-	-	-	(617,787)
Cash payments for other expenses . . . . .	-	(39,480)	(39,480)	-
Net cash provided by (used in) operating activities . . . . .	(28,210)	(13,256)	(41,466)	4,311
<b>Cash flows from noncapital financing activities:</b>				
Cash received from grants and subsidies . . . . .	62,463	-	62,463	-
Net cash provided by noncapital financing activities . . . . .	62,463	-	62,463	-
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets . . . . .	(21,716)	-	(21,716)	-
Net cash used in capital and related financing activities . . . . .	(21,716)	-	(21,716)	-
<b>Cash flows from investing activities:</b>				
Interest received. . . . .	3,197	-	3,197	-
Net cash provided by investing activities . . . . .	3,197	-	3,197	-
Net increase (decrease) in cash and cash equivalents . . . . .	15,734	(13,256)	2,478	4,311
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>70,746</b>	<b>46,431</b>	<b>117,177</b>	<b>5,275</b>
<b>Cash and cash equivalents at end of year. . . . .</b>	<b>\$ 86,480</b>	<b>\$ 33,175</b>	<b>\$ 119,655</b>	<b>\$ 9,586</b>

(Continued)

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Food Service</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss) . . . . .	\$ (66,311)	\$ (23,349)	\$ (89,660)	\$ 528,794
Adjustments:				
Depreciation . . . . .	8,079	15,191	23,270	-
Federal donated commodities . . . . .	26,836	-	26,836	-
Changes in assets and liabilities:				
(Increase) in materials and supplies inventory . . . . .	(1,133)	-	(1,133)	-
(Increase) decrease in inventory held for resale . . . . .	4,746	(2,769)	1,977	-
(Increase) decrease in accounts receivable . . . . .	13	77	90	(8,152)
(Decrease) in accounts payable . . . . .	-	(3,567)	(3,567)	-
Increase (decrease) in accrued wages and benefits . . . . .	160	(26)	134	-
(Decrease) in intergovernmental payable . . . . .	(1,679)	(372)	(2,051)	-
Increase (decrease) in compensated absences payable . . . . .	2,170	(670)	1,500	-
Increase (decrease) in pension obligation payable . . . . .	(1,091)	2,229	1,138	-
(Decrease) in claims payable . . . . .	-	-	-	(516,331)
Net cash provided by (used in) operating activities . . . . .	<u>\$ (28,210)</u>	<u>\$ (13,256)</u>	<u>\$ (41,466)</u>	<u>\$ 4,311</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2006

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 53,545	\$ 85,950
Receivables:		
Accrued interest . . . . .	30	49
Total assets . . . . .	53,575	\$ 85,999
<b>Liabilities:</b>		
Accounts payable . . . . .	-	\$ 4,899
Due to students . . . . .	-	81,100
Total liabilities . . . . .	-	\$ 85,999
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	53,575	
Total net assets . . . . .	\$ 53,575	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 2,622
Gifts and contributions. . . . .	32,000
	34,622
Total additions. . . . .	34,622
<b>Deductions:</b>	
Scholarships awarded . . . . .	30,000
	4,622
Change in net assets . . . . .	4,622
<b>Net assets at beginning of year . . . . .</b>	<b>48,953</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 53,575</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Rocky River City School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and federal guidelines.

The District is located in a suburban area west of Cleveland, Ohio. It is located in Cuyahoga County, and encompasses the entire City of Rocky River and a small portion of the City of Fairview Park. It is staffed by 183 certificated, 146 non-certificated, and 17 administrative personnel who provide services to 2,640 students and other community members. The District currently operates a primary school, an intermediate school, a middle school and a high school. The District ranks as the 190<sup>th</sup> largest by enrollment among the 613 public school districts in the State.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The District has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The District has elected not to apply these FASB Statements and Interpretations. The most significant of the District's accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". When applying GASB Statement No. 14, management has considered all potential component units. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the debt, the issuance of debt, or the levying of taxes. Based upon the application of these criteria, the District has no component units. The financial statements of the reporting entity include only those of the District (the primary government). The following organization is described due to its relationship to the District:

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

*RELATED ORGANIZATION*

Rocky River Public Library

The Rocky River Public Library (the "Library") is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District's Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. The Library did not receive any funding from the District during fiscal year 2006. Financial information can be obtained from the Rocky River Public Library, James Wilson Clerk/Treasurer, at 1600 Hampton, Rocky River, Ohio 44116.

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 sixteen public school districts. The primary function of LNOCA is to provide data services to the sixteen 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 Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Board of Education serves as the fiscal agent of LNOCA. Each school district supports LNOCA based upon a per pupil charge dependent upon the software packages used. Rocky River City School District paid \$67,363 to LNOCA during fiscal year 2006. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valleyview, OH 44125.

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-three 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 2006, the District paid \$2,769 to the Council for annual membership and other fees. Financial information can be obtained by contacting David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The 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 payment based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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 participating school districts terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to the participant to Energy Acquisition Corp.

The 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.

**INSURANCE PURCHASING POOL**

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

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

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

*General Fund* - The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

*Bond Retirement Fund* - The bond retirement fund is used to account for the accumulation of property tax revenues for the payment of general obligation bonds issued for school improvement and the construction of a new middle school.

*Permanent Improvement Fund* - The Permanent Improvement fund accounts for property taxes levied to be used for various capital improvements within the District.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (b) for grants and other resources whose use is restricted to a particular purpose.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. Proprietary funds consist of enterprise funds and internal service funds.

*Enterprise Funds* - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following is the District's only major enterprise fund:

*Food Service Fund* - This fund accounts for the financial transactions related to the food service operations of the District.

Other enterprise funds of the District are used to account for uniform school supplies and community programs. These funds are nonmajor funds whose activity has been aggregated and presented in a single column in the financial statements.

*Internal Service Fund* - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District is used to account for employee health benefits self-insurance, which provides medical, prescription drug and dental benefits to employees.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student managed activities.

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are 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 District finances and meets the cash flow needs of its proprietary activities.

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

*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 are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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, interest, tuition, grants, student fees and rentals.

*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, 2006, but which were levied to finance fiscal year 2007 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.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair values of donated commodities received during the year are reported in the financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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 for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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 budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed prior to fiscal year-end.

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

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2006, investments were limited to repurchase agreements, nonnegotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

The District has invested funds in STAR Ohio during fiscal 2006. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2006.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2006 amounted to \$236,964 which includes \$183,430 assigned from other District funds.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

**G. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used. Inventories for both governmental and proprietary funds are accounted for using the consumption method.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,000 for its general capital assets. The 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. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	30 years	30 years
Building/ improvements	10-30 years	30 years
Furniture/equipment	5-10 years	5-10 years
Vehicles	10 years	N/A

**I. Interfund Loans**

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 and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. The District had no internal balances at fiscal year-end.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the termination method; i.e., a liability is accrued for earned sick leave to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District’s past experience of making termination payments.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2006, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K. 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 proprietary funds 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 future retirement obligations 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 year. Bonds and notes are recognized as a liability in the fund financial statements when due.

**L. Fund Balance Reserves**

The District reserves those portions of fund equity 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, unclaimed monies, debt service and property taxes unavailable for appropriation.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved.



**ROCKY RIVER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**M. Net Assets**

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

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

**N. Non-public Schools**

Within the School District boundaries, St. Christopher, St. Thomas, and Ruffing Montessori Elementary Schools, and Lutheran West and Magnificat High Schools are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the District, as directed by the schools. This activity is reflected as a governmental activity for financial reporting purposes.

**O. Estimates**

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

**P. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District had no restricted assets at June 30, 2006. See Note 16 for additional information regarding set-asides.

**Q. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service and uniform school supplies and charges for services for community education and self insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the funds. All revenues and expenses not meeting this definition are reported as nonoperating.

**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. Neither type of transaction occurred during fiscal 2006.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**S. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds are eliminated for reporting of governmental activities on the government-wide financial statements.

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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund services provided and used are not eliminated on the government-wide financial statements.

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND LEGAL COMPLIANCE**

**A. Changes in Accounting Principles**

For fiscal year 2006, the District has implemented GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries”, GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section”, GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” and GASB Statement No. 47, “Accounting for Termination Benefits”.

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that state and local governments present as supplementary information in the statistical section.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of these GASB Statements did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND LEGAL COMPLIANCE – (Continued)**

**B. Restatement of Net Assets**

Net assets of the governmental activities have been restated to correct for errors and omissions in the amounts reported as capital assets in the prior year (See note 9). The correction of the capital asset balance had the following effect on net assets as previously reported:

	Governmental Activities
Net assets, June 30, 2005	\$ 9,647,506
Adjustment for capital assets	(4,098,202)
Restated net assets, June 30, 2005	\$ 5,549,304

**C. Deficit Fund Balances**

Fund balances at June 30, 2006 included the following individual fund deficits:

General	\$ 596,862
<u>Nonmajor Funds</u>	
Building	350,452
Entry Year Programs	12
Title III	38

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board 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 by savings or deposit accounts including, but not limited to, passbook accounts.

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

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of 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 to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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 (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Cash on Hand**

At year-end, the District had \$200 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At June 30, 2006, the carrying amount of all District deposits was \$3,184,212, exclusive of the \$1,129,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$3,012,440 of the District's bank balance of \$3,280,180 was exposed to custodial risk as discussed below, while \$267,740 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**C. Investments**

As of June 30, 2006, the District had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities 6 months or less</u>
Repurchase Agreement	\$ 1,129,000	\$ 1,129,000
STAR Ohio	22,855	22,855
	<u>\$ 1,151,855</u>	<u>\$ 1,151,855</u>

The weighted average maturity of investments is one day.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase Agreement	\$ 1,129,000	98.02 %
STAR Ohio	<u>22,855</u>	<u>1.98 %</u>
	<u>\$ 1,151,855</u>	<u>100.00 %</u>

**D. Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 3,184,212
Investments	1,151,855
Cash on hand	<u>200</u>
Total	<u>\$ 4,336,267</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 4,077,117
Business-type activities	119,655
Private-purpose trust fund	53,545
Agency fund	<u>85,950</u>
Total	<u>\$ 4,336,267</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund loans receivable/payable consisted of the following at June 30, 2006, as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bond Retirement	Nonmajor Governmental Funds	<u>\$ 350,452</u>

The interfund receivable in the Bond Retirement fund represents the balance of an interfund loan made to the Building capital projects fund (a nonmajor governmental fund). The interfund loan balance represents the fiscal year-end balance of manuscript bonds that were issued during fiscal year 2004.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. 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 is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available as an advance at June 30, 2006 was \$2,293,711 in the general fund and \$292,844 in the bond retirement debt service fund. The amount available for advance at June 30, 2005 was \$2,444,211 in the general fund, \$401,203 in the bond retirement debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary depending upon when the tax bills are sent by the County Auditor.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 6 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only 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.

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 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 666,296,240	96.30	\$ 655,102,590	96.61
Public Utility Personal	10,341,880	1.50	9,304,440	1.37
Tangible Personal Property	<u>15,226,500</u>	<u>2.20</u>	<u>13,668,520</u>	<u>2.02</u>
<b>Total</b>	<u>\$ 691,864,620</u>	<u>100.00</u>	<u>\$ 678,075,550</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation:		 \$78.10		 \$83.10

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2006 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

<b>Governmental Activities</b>	
Taxes	\$ 25,656,224
Accounts	94,791
Intergovernmental	260,110
Accrued interest	<u>819</u>
Total governmental activities	<u>\$ 26,011,944</u>
 <b>Business-Type Activities</b>	
Accounts	<u>\$ 338</u>
Total business-type activities	<u>\$ 338</u>

Receivables have been disaggregated on the face of the basic finance statements. All receivables are expected to be collected within the subsequent year.



**ROCKY RIVER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE**

In the current fiscal year, the District entered into a capitalized lease for a phone system. This lease agreement meets the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$229,845. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2006 totaled \$44,419 were paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2006:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2007	\$ 50,307
2008	50,309
2009	<u>50,308</u>
Total minimum lease payments	150,924
Less amount representing interest	<u>(8,465)</u>
Total	<u>\$ 142,459</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 9 - CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities have been restated by \$(4,098,202) due to errors and omissions in the amounts previously reported, primarily in the area of buildings and improvements. The restatement had the following effect on capital asset balances as previously reported:

	Balance		Restated
	<u>June 30, 2005</u>	<u>Adjustments</u>	<u>Balance</u>
			<u>June 30, 2005</u>
<b>Governmental Activities</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 722,230	\$ -	\$ 722,230
Total capital assets, not being depreciated	<u>722,230</u>	<u>-</u>	<u>722,230</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	2,185,744	120,122	2,305,866
Buildings/improvements	47,374,482	(3,056,078)	44,318,404
Furniture/equipment	3,352,155	(14,944)	3,337,211
Vehicles	1,233,172	16,294	1,249,466
Total capital assets, being depreciated	<u>54,145,553</u>	<u>(2,934,606)</u>	<u>51,210,947</u>
<i>Less: accumulated depreciation</i>	<u>(20,765,219)</u>	<u>(1,163,596)</u>	<u>(21,928,815)</u>
Governmental activities capital assets, net	<u><u>34,102,564</u></u>	<u><u>(4,098,202)</u></u>	<u><u>30,004,362</u></u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

	Restated Balance <u>June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2006</u>
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 722,230	\$ -	\$ -	\$ 722,230
Total capital assets, not being depreciated	<u>722,230</u>	<u>-</u>	<u>-</u>	<u>722,230</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,305,866	1,430	-	2,307,296
Building/improvements	44,318,404	11,141	-	44,329,545
Furniture/equipment	3,337,211	79,638	(34,725)	3,382,124
Vehicles	<u>1,249,466</u>	<u>-</u>	<u>-</u>	<u>1,249,466</u>
Total capital assets, being depreciated	<u>51,210,947</u>	<u>92,209</u>	<u>(34,725)</u>	<u>51,268,431</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(487,131)	(121,567)	-	(608,698)
Building/improvements	(18,130,929)	(1,318,662)	-	(19,449,591)
Furniture/equipment	(2,525,008)	(238,402)	34,725	(2,728,685)
Vehicles	<u>(785,747)</u>	<u>(84,022)</u>	<u>-</u>	<u>(869,769)</u>
Total accumulated depreciation	<u>(21,928,815)</u>	<u>(1,762,653)</u>	<u>34,725</u>	<u>(23,656,743)</u>
Governmental activities capital assets, net	<u>\$ 30,004,362</u>	<u>\$ (1,670,444)</u>	<u>\$ -</u>	<u>\$ 28,333,918</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

Depreciation expense was charged to governmental activities as follows:

Instruction:		
Regular	\$	861,944
Special		158,044
Vocational		4,896
Other		1,441
Support Services:		
Pupil		78,402
Instructional staff		40,327
Board of education		1,296
Administration		85,174
Fiscal		32,981
Business		21,748
Operations and maintenance		196,305
Pupil transportation		152,714
Central		78,859
Extracurricular activities		48,522
Total depreciation expense	\$	<u>1,762,653</u>

- B.** The capital asset balances of the business-type activities have been restated to report certain buildings and the related accumulated depreciation as governmental activities. This building reclassification had no effect on the overall capital assets, net of accumulated depreciation, reported in the business-type activities. The restatement had the following effect on capital asset balances as previously reported:

	Balance June 30, 2005	Adjustments	Restated Balance June 30, 2005
<b>Business-Type Activities:</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 48,591	\$ -	\$ 48,591
Total capital assets, not being depreciated	<u>48,591</u>	<u>-</u>	<u>48,591</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	25,000	-	25,000
Buildings/improvements	1,473,477	(571,929)	901,548
Furniture/equipment	94,059	-	94,059
Total capital assets, being depreciated	<u>1,592,536</u>	<u>(571,929)</u>	<u>1,020,607</u>
<i>Less: accumulated depreciation</i>	<u>(1,335,488)</u>	<u>571,929</u>	<u>(763,559)</u>
Business-Type activities capital assets, net	<u>305,639</u>	<u>-</u>	<u>305,639</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

	Restated Balance <u>June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2006</u>
<b>Business-Type Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 48,591	\$ -	\$ -	\$ 48,591
Total capital assets, not being depreciated	<u>48,591</u>	<u>-</u>	<u>-</u>	<u>48,591</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	25,000	-	-	25,000
Building/improvements	901,548	-	-	901,548
Furniture/equipment	<u>94,059</u>	<u>21,716</u>	<u>(1,000)</u>	<u>114,775</u>
Total capital assets, being depreciated	<u>1,020,607</u>	<u>21,716</u>	<u>(1,000)</u>	<u>1,041,323</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(11,736)	(833)	-	(12,569)
Building/improvements	(684,910)	(13,611)	-	(698,521)
Furniture/equipment	<u>(66,913)</u>	<u>(8,826)</u>	<u>750</u>	<u>(74,989)</u>
Total accumulated depreciation	<u>(763,559)</u>	<u>(23,270)</u>	<u>750</u>	<u>(786,079)</u>
Business-type activities capital assets, net	<u>\$ 305,639</u>	<u>\$ (1,554)</u>	<u>\$ (250)</u>	<u>\$ 303,835</u>

Depreciation expense was charged to business-type activities as follows:

Food service	\$ 8,079
Community programs	<u>15,191</u>
Total depreciation expense	<u>\$ 23,270</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. The following is a schedule of the changes in long-term obligations during fiscal year 2006:

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Due in</u> <u>One Year</u>
<b>Governmental Activities</b>					
General obligation bonds:					
1998 School Building Improvement Bonds	\$ 18,355,000	\$ -	\$ (1,055,000)	\$ 17,300,000	\$ 1,100,000
1996 School Building Improvement Serial Bonds	3,890,000	-	(900,000)	2,990,000	940,000
Capital appreciation bonds	304,128	-	-	304,128	-
Accretion on capital appreciation bonds	<u>1,026,220</u>	<u>245,015</u>	<u>-</u>	<u>1,271,235</u>	<u>-</u>
Total General obligation bonds	23,575,348	245,015	(1,955,000)	21,865,363	2,040,000
Capital lease obligation	186,878	-	(44,419)	142,459	45,918
Compensated absences	<u>4,143,841</u>	<u>330,891</u>	<u>(446,893)</u>	<u>4,027,839</u>	<u>521,362</u>
Total governmental activities long-term liabilities	<u>\$ 27,906,067</u>	<u>\$ 575,906</u>	<u>\$ (2,446,312)</u>	<u>\$ 26,035,661</u>	<u>\$ 2,607,280</u>
<b>Business-Type Activities</b>					
Compensated absences	<u>\$ 51,602</u>	<u>\$ 6,399</u>	<u>\$ (4,899)</u>	<u>\$ 53,102</u>	<u>\$ 6,644</u>

In 1998, the District issued bonds for the renovations of various school buildings. In 1996, the District issued bonds for the advance refunding of school building improvement bonds. All bonds are paid from the bond retirement fund.

The 1996 general obligation bonds include serial bonds and capital appreciation bonds. This year the addition on these bonds was \$245,015, which represents the annual accretion of discounted interest. The final amount of these bonds will be \$3,340,000, with a maturity date of June 2012.

In 1996, the District defeased the 1991 series general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2006 \$4,695,000 of bonds outstanding are considered defeased.

Compensated absences will be paid from the fund which the employee is paid. The capital lease obligation will be repaid from the general fund. See Note 8 for further detail on the District's capital lease obligation.

**ROCKY RIVER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**B.** The following is a summary of the future debt service requirements to retire bonded debt:

Fiscal Year Ending	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 2,040,000	\$ 985,365	\$ 3,025,365	\$ -	\$ -	\$ -
2008	2,145,000	886,453	3,031,453	-	-	-
2009	2,250,000	781,139	3,031,139	-	-	-
2010	1,250,000	697,739	1,947,739	118,648	991,352	1,110,000
2011	1,310,000	637,890	1,947,890	100,584	1,014,416	1,115,000
2012-2016	7,635,000	2,052,579	9,687,579	84,896	1,030,104	1,115,000
2017-2018	3,660,000	199,413	3,859,413	-	-	-
Total	\$ 20,290,000	\$ 6,240,578	\$ 26,530,578	\$ 304,128	\$ 3,035,872	\$ 3,340,000

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9percent of the total assessed valuation of the District. The code further provides that unvoted indebttness shall not exceed 1/10 of 1percent of the property valuation of the District.

The effects of these debt limitations at June 30, 2006 are a voted debt margin of \$42,215,871 and an unvoted debt margin of \$678,076.

**NOTE 11 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Board of Education policies and State laws. Teachers do not earn vacation. Support staff personnel assigned to work less than 240 days annually do not earn vacation. Support staff personnel assigned to work 240 days or more and managers earn annual vacation leave from 10 to 25 days, based on years of service. Administrators are entitled to 20 to 25 days of vacation leave annually, based on years of service and performance evaluations. Administrators may not carry forward more than five vacation days, which must be used by January 31<sup>st</sup> of the subsequent year.

All regular employees earn sick leave at a rate of one and one-fourth days per month. Support staff personnel and managers employed by the District for a minimum of two years, and eligible to retire pursuant to State statute, are entitled to severance benefits based on accumulated sick leave.

Teachers who resign with ten or more years of service or those who meet the requirements of Ohio Revised Code Section 124.9 – Section B may chose between one of four plans for their severance payment. Each plan offers a varying percentage of their sick leave balance ranging between 20percent and 33percent of their accumulated but unused sick leave and some plans offer an additional payment depending upon their years of service ranging between \$200 and \$1,800 for each year. Teachers may choose between plans for which they are eligible.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 11 - COMPENSATED ABSENCES - (Continued)**

Classified non-union employees, with two or more years and who meet the requirements of ORC Section 124.391, are eligible for severance payments equal to 33percent of their accumulated but unused sick leave to a maximum of 75 days.

Classified executive non-union secretaries who have been in employ of the District for 30 years or who have reached their first year of eligibility to retire under the School Employees Retirement System rules may choose between one of two plans for their severance payment. Each plan offers a varying percentage of their sick leave balance ranging between 75% and 80% of their accumulated but unused sick leave depending upon years of service. Each plan also offers an additional payment depending upon their years of service ranging between \$200 and \$300 for each year of service. Classified executive non-union secretaries may choose between plans for which they are eligible.

Classified union employees who have been in employ of the District for at least two years and who meet the requirements of ORC Section 124.391 may chose between one of three plans for their severance payment. Each plan offers a sick leave payment equal to 60percent of their accumulated but unused sick leave up to a maximum number of days depending upon the plan chosen. In addition, employees with ten or more years of service are eligible for an additional payment depending upon their years of service ranging between \$50 and \$175 for each year of service with the District. Classified union employees may choose between plans for which they are eligible.

Administrators are eligible for severance payments equal to 33percent of their accumulated but unused sick up to a maximum of 70 days. Also, administrators will receive an amount equal to 30percent of the administrator's current daily rate for each day of accumulated sick leave beyond 120 days as certified by the Treasurer's office. In addition, administrators shall receive a longevity payment equal to \$1,500 per year of employment as an administrator with the District. Certified administrators may also receive severance payments in accordance with teachers above to the extent the severance payments are beyond those listed here.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2006, the District contracted with various insurance companies through the Ohio Schools Council insurance program. Indiana Insurance provides property, inland marine and crime insurance coverage. There is a \$5,000 deductible on building and contents, along with a \$250 deductible for crime insurance. The inland marine coverage has a deductible of \$250.

The boiler and machinery coverage is provided by Travelers Insurance Company. The coverage provides a \$30,000,000 limit and a \$1,000 deductible.



**ROCKY RIVER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 12 - RISK MANAGEMENT - (Continued)**

Indiana Insurance Company provides fleet and liability insurance. Automobile liability has a limit of \$1,000,000 per accident/occurrence and an equal amount of uninsured motorist coverage with a \$1,000 deductible. The general liability provides coverage with a limit of \$1,000,000 per occurrence and a \$2,000,000 per year. Coverage provided by these companies was as follows:

Coverage	Amount
Building and Contents- replacement cost	\$ 86,251,333
Inland Marine Coverage	2,930,411
Boiler and Machinery	30,000,000
Automobile Liability	1,000,000
General Liability	
Per occurrence	1,000,000
Umbrella	10,000,000

**B. Group Health, Dental, Life and Vision Insurance**

Effective July 1, 2005, the District discontinued providing health care benefits to its employees through the self-insurance program. The activity in the internal service fund represents claims paid in fiscal year 2006 under the old self-insurance program. There is no claims liability in the internal service fund at June 30, 2006. Disclosure of claims activity for the past two fiscal years is based upon the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus". Changes in claims activity for the past two fiscal years are as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2006	\$ 516,331	\$ 101,456	\$ (617,787)	\$ -
2005	440,328	3,113,439	(3,037,436)	516,331

For fiscal year 2006, the District provides employee major medical, preventative care and prescription benefits through a fully insured, 85/110% contingent premium insurance program administered by Medical Mutual of Ohio. This plan is provided through a PPO (preferred provider organization) at no additional cost to employees if they choose an in-network provider for services. The plan allows for employee to choose a provider outside of the network subject to an annual deductible of \$200 for a single plan and \$400 for a family plan along with a co-insurance level of 90% subject to annual maximum out-of-pocket limits. The District was responsible for the entire premium of \$889.74 (100% level) for family coverage and \$329.57 (100% level) for single coverage per month for all certificated and classified staff who were not considered administrators (the administrator rate is slightly higher). Any employee who is scheduled to work at an FTE below 1.0 but greater than 0.5 is eligible for this coverage, but they are required to pay the difference in premium based on the difference between 1.0 and their scheduled FTE. The premium is generally paid by the fund that pays the salary for the employee.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 12 - RISK MANAGEMENT - (Continued)**

The District also provides employee dental benefits through a fully insured, 85/110% contingent premium insurance program administered by Medical Mutual of Ohio that offers different levels of coverage through two plan structures. One plan is based on UCR (usual, customary and reasonable) that offers a higher level of coverage than the other plan, which is a fee schedule plan that pays a predetermined amount for various covered procedures. These plans provide dental benefits with a \$50 family and \$25 single deductible per year. The District paid \$67.41 for a family plan and \$20.22 for a single plan per employee per month for the UCR plan, which represents 60% of the entire premium required. The District paid \$59.43 for a family plan and \$17.83 for a single plan per employee per month for the fee schedule plan, which represents 80% of the entire premium required. The premium is generally paid by the fund that pays the salary for the employee.

A group life insurance plan is maintained for all employees who are scheduled to work at least a 0.5 FTE basis. The dollar amount of coverage ranges from \$30,000 - \$50,000 and is based on an employee's position within the District. The entire premium cost of .12 per \$1,000 of coverage per month is paid by the District.

A group vision plan is also offered by the District to all employees. Employees who elect this coverage are responsible for 100% of the monthly premium.

**C. Workers' Compensation Program**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2A). The intent of the GRP is to achieve the benefits of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System of Ohio**

The District contributes to the School Employees Retirement System of Ohio (SERS Ohio), a cost-sharing multiple employer defined benefit pension plan. SERS Ohio 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 Chapter 3309 of the Ohio Revised Code. SERS Ohio 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 of Ohio, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS Ohio's website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - PENSION PLANS - (Continued)**

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 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 Ohio's Retirement Board. The District's required contribution for pension obligations to SERS Ohio for fiscal years ended 2006, 2005, and 2004 were \$425,594, \$421,200, and \$341,695; 43.09 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$242,203 represents the unpaid pension contribution for fiscal year 2006 and is recorded as a liability within the respective funds.

**B. State Teachers Retirement System of Ohio**

The 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 or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - PENSION PLANS - (Continued)**

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation 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.

The District's required contributions for fund pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,697,491, \$1,655,580 and \$1,553,006; 82.97 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$289,161 represents the unpaid pension contribution for fiscal year 2006 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2006 were \$18,735 made by the District and \$37,202 made by plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System of Ohio or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement Systems/State Teachers Retirement System. As of June 30, 2006, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

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

STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$130,576 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS Ohio were \$254.780 million and STRS Ohio had 115,395 eligible benefit recipients.

For SERS Ohio, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

**ROCKY RIVER CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - POSTEMPLOYMENT BENEFITS – (Continued)**

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, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2005. In addition, SERS Ohio levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS Ohio salaries. For the 2006 fiscal year, District paid \$216,586 to fund health care benefits, including the surcharge.

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, 2005 (the latest information available) were \$178.221 million. At June 30, 2005 (the latest information available), SERS Ohio had net assets available for payment of health care benefits of \$267.5 million, which is about 168 percent of next years projected net health care costs of \$158.776 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS Ohio has 58,123 participants currently receiving health care benefits.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While 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 and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

**ROCKY RIVER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ (142,397)
Net adjustment for revenue accruals	(146,859)
Net adjustment for expenditure accruals	(123,840)
Net adjustment for other sources/uses	(87,073)
Adjustment for encumbrances	<u>658,137</u>
GAAP basis	<u>\$ 157,968</u>

**NOTE 16 - STATUTORY RESERVES**

The 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 District is also required to set aside money for budget stabilization. During fiscal year 2006, the District spent the budget stabilization reserve on allowable expenditures in accordance with State statute.

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

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization Reserve</u>
Set-aside cash balance			
as of June 30, 2005	\$ (52,225)	\$ -	\$ 101,708
Current year set-aside requirement	388,140	388,140	-
Qualifying disbursements	<u>(336,569)</u>	<u>(765,933)</u>	<u>(101,708)</u>
Total	<u>\$ (654)</u>	<u>\$ (377,793)</u>	<u>\$ -</u>
Balance carried forward to FY 2007	<u>\$ (654)</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 16 - STATUTORY RESERVES – (Continued)**

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbook/instructional materials and capital acquisition reserves. These extra amounts may be used to reduce the set-aside requirement for future years for the textbook/instructional materials. The negative amount is therefore presented as being carried forward to next fiscal year. Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

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

**NOTE 18 - CONTRACTUAL COMMITMENTS**

As of June 30, 2006, the District had the following contractual purchase commitments outstanding:

<u>Contractor</u>	<u>Purpose</u>	<u>Amount</u>
Bay Village City School District	Vocational Education Transportation	\$ 30,000
Ohio Bureau of Workers' Compensation	Portion of Worker's Comp. Premium	33,320
Educational Service Center of Cuyahoga County	Special Education Instructional Services	43,242
Fairview park City School District	Special Education Tuition/Excess Costs	12,716
Holt, Rinehart & Winston	New Science Textbooks	17,785
House of Blues Cleveland	Facility Rental for Prom	17,500
Inland Glass & Door Service	High School Field House Renovations	16,662
Lakewood City School District	Vocational Education Tuition	295,644
North Olmstead City School District	Special Education Tuition/Excess Costs	95,980
Total		<u>\$ 562,849</u>

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COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES  
SUPPLEMENTAL INFORMATION

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 21,687,454	\$ 21,598,418	\$ 21,703,232	\$ 104,814
Tuition . . . . .	130,536	130,000	118,582	(11,418)
Earnings on investments . . . . .	185,763	185,000	233,396	48,396
Classroom materials and fees . . . . .	17,070	17,000	18,354	1,354
Contributions and donations. . . . .	502	500	500	-
Rentals . . . . .	50,507	50,300	53,763	3,463
Other local revenues. . . . .	123,507	123,000	87,331	(35,669)
Intergovernmental - State . . . . .	4,052,734	4,036,096	4,083,669	47,573
<i>Total revenues.</i> . . . .	<u>26,248,073</u>	<u>26,140,314</u>	<u>26,298,827</u>	<u>158,513</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	8,981,880	8,945,745	8,945,007	738
Fringe benefits . . . . .	2,896,217	2,884,566	2,884,355	211
Purchased services . . . . .	287,281	286,125	285,429	696
Materials and supplies. . . . .	338,011	336,651	328,372	8,279
Capital outlay . . . . .	26,081	25,976	25,975	1
Other . . . . .	42,777	42,605	42,605	-
<i>Total instruction-regular.</i> . . . .	<u>12,572,247</u>	<u>12,521,668</u>	<u>12,511,743</u>	<u>9,925</u>
Instruction-special:				
Salaries and wages . . . . .	1,961,588	1,953,696	1,952,860	836
Fringe benefits . . . . .	699,930	697,114	697,023	91
Purchased services . . . . .	286,342	285,190	284,078	1,112
Materials and supplies. . . . .	10,191	10,150	8,512	1,638
Capital outlay . . . . .	8,056	8,024	6,470	1,554
<i>Total instruction-special.</i> . . . .	<u>2,966,107</u>	<u>2,954,174</u>	<u>2,948,943</u>	<u>5,231</u>
Instruction-vocational:				
Purchased services . . . . .	381,036	379,503	379,029	474
<i>Total instruction-vocational.</i> . . . .	<u>381,036</u>	<u>379,503</u>	<u>379,029</u>	<u>474</u>
Instruction-other:				
Salaries and wages . . . . .	16,588	16,521	16,479	42
Fringe benefits . . . . .	9,140	9,103	8,461	642
<i>Total instruction-other.</i> . . . .	<u>25,728</u>	<u>25,624</u>	<u>24,940</u>	<u>684</u>
Support services-pupil:				
Salaries and wages . . . . .	983,399	979,443	978,885	558
Fringe benefits . . . . .	303,086	301,866	301,777	89
Purchased services . . . . .	109,913	109,471	107,397	2,074
Materials and supplies. . . . .	24,109	24,012	20,616	3,396
Capital outlay . . . . .	502	500	-	500
Other . . . . .	301	300	-	300
<i>Total support services-pupil.</i> . . . .	<u>1,421,310</u>	<u>1,415,592</u>	<u>1,408,675</u>	<u>6,917</u>

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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Support services-instructional staff:</b>				
Salaries and wages . . . . .	\$ 492,407	\$ 490,426	\$ 489,530	\$ 896
Fringe benefits . . . . .	206,094	205,265	205,226	39
Purchased services . . . . .	28,577	28,462	19,548	8,914
Materials and supplies. . . . .	12,633	12,582	10,343	2,239
Capital outlay . . . . .	4,096	4,080	2,483	1,597
<b>Total support services-instructional staff . . . . .</b>	<u>743,807</u>	<u>740,815</u>	<u>727,130</u>	<u>13,685</u>
<b>Support services-board of education:</b>				
Salaries and wages . . . . .	12,008	11,960	11,150	810
Fringe benefits . . . . .	2,008	2,000	1,724	276
Purchased services . . . . .	10,008	9,968	3,162	6,806
Materials and supplies. . . . .	783	780	395	385
Other . . . . .	9,303	9,265	6,164	3,101
<b>Total support services-board of education . . . . .</b>	<u>34,110</u>	<u>33,973</u>	<u>22,595</u>	<u>11,378</u>
<b>Support services-administration:</b>				
Salaries and wages . . . . .	1,063,433	1,059,155	1,058,257	898
Fringe benefits . . . . .	454,567	452,738	452,386	352
Purchased services . . . . .	21,641	21,554	7,987	13,567
Materials and supplies. . . . .	5,627	5,604	3,321	2,283
Capital outlay . . . . .	753	750	-	750
Other . . . . .	2,008	2,000	1,731	269
<b>Total support services-administration. . . . .</b>	<u>1,548,029</u>	<u>1,541,801</u>	<u>1,523,682</u>	<u>18,119</u>
<b>Support services-fiscal:</b>				
Salaries and wages . . . . .	159,294	158,653	158,464	189
Fringe benefits . . . . .	99,963	99,561	99,188	373
Purchased services . . . . .	36,997	36,848	36,184	664
Materials and supplies. . . . .	4,736	4,717	830	3,887
Capital outlay . . . . .	2,008	2,000	-	2,000
Other . . . . .	376,367	374,853	374,437	416
<b>Total support services-fiscal . . . . .</b>	<u>679,365</u>	<u>676,632</u>	<u>669,103</u>	<u>7,529</u>
<b>Support services-business:</b>				
Salaries and wages . . . . .	103,210	102,795	102,489	306
Fringe benefits . . . . .	41,383	41,217	40,749	468
Purchased services . . . . .	179,009	178,289	177,839	450
Materials and supplies. . . . .	22,246	22,157	22,016	141
Capital outlay . . . . .	1,893	1,885	-	1,885
Other . . . . .	51,751	51,543	51,543	-
<b>Total support services-business . . . . .</b>	<u>399,492</u>	<u>397,886</u>	<u>394,636</u>	<u>3,250</u>

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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Support services-operations and maintenance:				
Salaries and wages . . . . .	\$ 1,240,948	\$ 1,235,956	\$ 1,235,664	\$ 292
Fringe benefits . . . . .	496,574	494,576	494,028	548
Purchased services . . . . .	1,259,271	1,254,205	1,253,918	287
Materials and supplies. . . . .	198,901	198,101	197,597	504
Capital outlay . . . . .	22,150	22,061	22,053	8
Other . . . . .	2,757	2,746	2,746	-
Total support services-operations and maintenance . . . . .	<u>3,220,601</u>	<u>3,207,645</u>	<u>3,206,006</u>	<u>1,639</u>
Support services-pupil transportation:				
Salaries and wages . . . . .	658,520	655,870	655,130	740
Fringe benefits . . . . .	226,721	225,809	225,793	16
Purchased services . . . . .	170,751	170,064	169,682	382
Materials and supplies. . . . .	145,752	145,166	144,422	744
Capital outlay . . . . .	8,007	7,975	7,957	18
Other . . . . .	668	665	489	176
Total support services-pupil transportation . . . . .	<u>1,210,419</u>	<u>1,205,549</u>	<u>1,203,473</u>	<u>2,076</u>
Support services-central:				
Salaries and wages . . . . .	477,464	475,543	474,808	735
Fringe benefits . . . . .	193,033	192,257	163,996	28,261
Purchased services . . . . .	103,225	102,810	89,641	13,169
Materials and supplies. . . . .	23,287	23,193	16,690	6,503
Capital outlay . . . . .	17,107	17,038	12,191	4,847
Total support services-central . . . . .	<u>814,116</u>	<u>810,841</u>	<u>757,326</u>	<u>53,515</u>
Extracurricular activities:				
Salaries and wages . . . . .	592,301	589,919	585,944	3,975
Fringe benefits . . . . .	121,211	120,723	109,653	11,070
Purchased services . . . . .	21,537	21,450	19,815	1,635
Materials and supplies. . . . .	1,312	1,307	604	703
Capital outlay . . . . .	2,008	2,000	-	2,000
Total extracurricular activities. . . . .	<u>738,369</u>	<u>735,399</u>	<u>716,016</u>	<u>19,383</u>
Debt service:				
Principal retirement. . . . .	35,141	35,000	35,000	-
Total debt service . . . . .	<u>35,141</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>26,789,877</u>	<u>26,682,102</u>	<u>26,528,297</u>	<u>153,805</u>

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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of revenues over (under) expenditures . . . . .</i>	(541,804)	(541,788)	(229,470)	312,318
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	502	500	57,204	56,704
Refund of prior year's receipts . . . . .	(593)	(591)	(591)	-
Advances in . . . . .	30,586	30,460	30,460	-
<i>Total other financing sources (uses) . . . . .</i>	30,495	30,369	87,073	56,704
<i>Net change in fund balance . . . . .</i>	(511,309)	(511,419)	(142,397)	369,022
<i>Fund balance at beginning of year . . . . .</i>	120,212	120,212	120,212	-
<i>Prior year encumbrances appropriated. . . . .</i>	503,254	503,254	503,254	-
<i>Fund balance at end of year. . . . .</i>	<u>\$ 112,157</u>	<u>\$ 112,047</u>	<u>\$ 481,069</u>	<u>\$ 369,022</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
BOND RETIREMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other local taxes . . . . .	\$ 2,847,297	\$ 2,903,277	\$ 2,811,713	\$ (91,564)
Intergovernmental. . . . .	301,932	307,868	356,120	48,252
<i>Total revenues.</i> . . . .	<u>3,149,229</u>	<u>3,211,145</u>	<u>3,167,833</u>	<u>(43,312)</u>
<b>Expenditures:</b>				
Support services-fiscal				
Other . . . . .	41,000	41,000	36,818	4,182
Total support services-fiscal . . . . .	<u>41,000</u>	<u>41,000</u>	<u>36,818</u>	<u>4,182</u>
Debt service:				
Principal retirement. . . . .	1,955,000	1,955,000	1,955,000	-
Interest and fiscal charges . . . . .	<u>1,078,746</u>	<u>1,078,746</u>	<u>1,078,745</u>	<u>1</u>
Total debt service . . . . .	<u>3,033,746</u>	<u>3,033,746</u>	<u>3,033,745</u>	<u>1</u>
<i>Total expenditures</i> . . . . .	<u>3,074,746</u>	<u>3,074,746</u>	<u>3,070,563</u>	<u>4,183</u>
<i>Net change in fund balance.</i> . . . .	74,483	136,399	97,270	(39,129)
<i>Fund balance at beginning of year</i> . . . . .	<u>2,659,684</u>	<u>2,659,684</u>	<u>2,659,684</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ 2,734,167</u>	<u>\$ 2,796,083</u>	<u>\$ 2,756,954</u>	<u>\$ (39,129)</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PERMANENT IMPROVEMENTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest . . . . .	\$ 2,500	\$ 2,500	\$ 3,321	\$ 821
Rentals . . . . .	121,800	121,800	111,657	(10,143)
<i>Total revenues.</i> . . . .	<u>124,300</u>	<u>124,300</u>	<u>114,978</u>	<u>(9,322)</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular				
Capital outlay . . . . .	54,208	54,208	48,208	6,000
Total instruction-regular . . . . .	<u>54,208</u>	<u>54,208</u>	<u>48,208</u>	<u>6,000</u>
Support services-extracurricular activities				
Capital outlay . . . . .	-	-	9,617	(9,617)
Total support services-extracurricular activities . . . . .	<u>-</u>	<u>-</u>	<u>9,617</u>	<u>(9,617)</u>
Facilities acquisition and construction:				
Purchased services . . . . .	28,131	28,131	30,160	(2,029)
Capital outlay . . . . .	12,616	12,616	-	12,616
Total facilities acquisition and construction. . . . .	<u>40,747</u>	<u>40,747</u>	<u>30,160</u>	<u>10,587</u>
Debt service:				
Principal retirement . . . . .	60,000	60,000	60,000	-
Interest and fiscal charges . . . . .	218	218	218	-
Total debt service . . . . .	<u>60,218</u>	<u>60,218</u>	<u>60,218</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>155,173</u>	<u>155,173</u>	<u>148,203</u>	<u>6,970</u>
<i>Net change in fund balance.</i> . . . .	(30,873)	(30,873)	(33,225)	(2,352)
<i>Fund balance at beginning of year</i> . . . . .	24,304	24,304	24,304	-
<i>Prior year encumbrances appropriated.</i> . . . .	22,573	22,573	22,573	-
<i>Fund balance at end of year.</i> . . . .	<u>\$ 16,004</u>	<u>\$ 16,004</u>	<u>\$ 13,652</u>	<u>\$ (2,352)</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOOD SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Interest. . . . .	\$ 1,100	\$ 1,100	\$ 3,197	\$ 2,097
Charges for services. . . . .	390,721	390,721	388,348	(2,373)
Intergovernmental. . . . .	<u>54,532</u>	<u>54,532</u>	<u>62,463</u>	<u>7,931</u>
<i>Total operating revenues. . . . .</i>	<u>446,353</u>	<u>446,353</u>	<u>454,008</u>	<u>7,655</u>
<b>Operating expenses:</b>				
Salaries and wages . . . . .	141,608	144,268	133,524	10,744
Fringe benefits . . . . .	65,732	66,966	51,457	15,509
Purchased services . . . . .	20,222	20,602	17,411	3,191
Materials and supplies. . . . .	233,129	237,507	217,765	19,742
Capital outlay . . . . .	<u>18,533</u>	<u>18,881</u>	<u>18,517</u>	<u>364</u>
<i>Total operating expenses. . . . .</i>	<u>479,224</u>	<u>488,224</u>	<u>438,674</u>	<u>49,550</u>
<i>Net change in fund equity. . . . .</i>	(32,871)	(41,871)	15,334	57,205
<i>Fund equity at beginning of year. . . . .</i>	62,756	62,756	62,756	-
<i>Prior year encumbrances appropriated. . . . .</i>	<u>7,990</u>	<u>7,990</u>	<u>7,990</u>	<u>-</u>
<i>Fund equity at end of year . . . . .</i>	<u>\$ 37,875</u>	<u>\$ 28,875</u>	<u>\$ 86,080</u>	<u>\$ 57,205</u>



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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 445,733	\$ -	\$ 445,733
Receivables:			
Intergovernmental . . . . .	110	-	110
Accrued interest . . . . .	133	-	133
	<u>\$ 445,976</u>	<u>\$ -</u>	<u>\$ 445,976</u>
Total assets . . . . .	<u>\$ 445,976</u>	<u>\$ -</u>	<u>\$ 445,976</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 36,230	\$ -	\$ 36,230
Accrued wages and benefits . . . . .	2,628	-	2,628
Pension obligation payable . . . . .	2,024	-	2,024
Intergovernmental payable . . . . .	397	-	397
Interfund loan payable . . . . .	-	350,452	350,452
	<u>41,279</u>	<u>350,452</u>	<u>391,731</u>
Total liabilities. . . . .	<u>41,279</u>	<u>350,452</u>	<u>391,731</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	115,974	-	115,974
Unreserved, undesignated (deficit), reported in:			
Special revenue funds . . . . .	288,723	-	288,723
Capital projects funds . . . . .	-	(350,452)	(350,452)
	<u>404,697</u>	<u>(350,452)</u>	<u>54,245</u>
Total fund balances (deficit). . . . .	<u>404,697</u>	<u>(350,452)</u>	<u>54,245</u>
Total liabilities and fund balances. . . . .	<u>\$ 445,976</u>	<u>\$ -</u>	<u>\$ 445,976</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
From local sources:			
Earnings on investments . . . . .	\$ 16,505	\$ 58	\$ 16,563
Extracurricular activities . . . . .	161,421	-	161,421
Contributions and donations . . . . .	81,763	-	81,763
Rentals . . . . .	-	95,218	95,218
Other local revenues . . . . .	129,177	-	129,177
Intergovernmental - State . . . . .	1,379,174	-	1,379,174
Intergovernmental - Federal . . . . .	897,862	-	897,862
Total revenue . . . . .	<u>2,665,902</u>	<u>95,276</u>	<u>2,761,178</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	108,080	1,888	109,968
Special . . . . .	561,800	-	561,800
Vocational . . . . .	391	-	391
Support services:			
Pupil . . . . .	167,386	-	167,386
Instructional staff . . . . .	45,540	-	45,540
Administration . . . . .	500	-	500
Pupil transportation . . . . .	840	-	840
Central . . . . .	8,093	-	8,093
Operation of non-instructional services . . . . .	142,786	-	142,786
Extracurricular activities . . . . .	231,650	-	231,650
Facilities acquisition and construction . . . . .	-	113	113
Intergovernmental pass through . . . . .	1,154,008	-	1,154,008
Debt service:			
Interest and fiscal charges . . . . .	-	218	218
Total expenditures . . . . .	<u>2,421,074</u>	<u>2,219</u>	<u>2,423,293</u>
Net change in fund balances . . . . .	244,828	93,057	337,885
<b>Fund balances (deficit)</b>			
<b>at beginning of year . . . . .</b>	<u>159,869</u>	<u>(443,509)</u>	<u>(283,640)</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 404,697</u>	<u>\$ (350,452)</u>	<u>\$ 54,245</u>

## ROCKY RIVER CITY SCHOOL DISTRICT

### COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

#### *Nonmajor Special Revenue Funds*

Special revenue funds are established to account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the District's special revenue funds follows:

##### ***Public School Support Fund***

A fund provided to account for specific local revenue sources, other than taxes to expendable trusts (i.e. profits from vending machines, sales of pictures, etc.), that are restricted to expenditures for specified purposes approved by board resolution. Such expenditures may include curricular and extra-curricular related purchases.

##### ***Other Grants Fund***

A fund used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted for specified purposes.

##### ***District Managed Activity Fund***

A fund provided to account for monies for those student activity programs which have student participation in the activity but do not have student management of the programs.

##### ***Auxiliary Services Fund***

A fund provided to account for monies which provide services and materials to pupils attending non-public schools within the School District.

##### ***Education Management Information System Fund***

A fund provided to account for hardware and software development, or other costs associated with the requirement of the management information system.

##### ***Entry Year Programs Fund***

To implement entry-year programs pursuant to Section 3317.024(T) of the Revised Code.

##### ***Data Communication Fund***

A fund provided to account for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

##### ***SchoolNet Professional Development Fund***

A fund provided to account for a limited number of professional development subsidy grants.

##### ***Ohio Reads Fund***

A fund used to account for State monies received to improve reading outcomes.

##### ***Summer Intervention Fund***

A fund used to account for student intervention services satisfying criteria defined in division (E) of Section 3313.608 of the Revised Code.

##### ***School Conflict Management Fund***

To account for State monies provided to educate students on proper social behavior.

**ROCKY RIVER CITY SCHOOL DISTRICT**

**COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS**

**Nonmajor Special Revenue Funds - (Continued)**

***Title VI-B Fund***

A fund provided to account for federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

***Title III Fund***

A fund provided to account for federal monies used to assist the School District in meeting the special needs of children of limited English proficiency.

***Title V Fund***

To account for State of Ohio and federal tech-prep grants that provide for assessing students' vocational interests and aptitudes, and planning and implementing intervention for those students at risk.

***Drug Free Schools Grant Fund***

A fund provided to account for federal monies which support the implementation of programs for drug abuse education and prevention.

***Preschool Disability Fund***

To account for monies received for the improvement and expansion of services for handicapped children ages three through five years.

***Title II-A Fund***

To account for grant monies used for the hiring of additional teachers.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2006

	Public School Support	Other Grants	District Managed Activity	Auxiliary Services	Education Management Information Systems
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 86,433	\$ 26,334	\$ 37,905	\$ 234,629	\$ 5,791
Receivables:					
Intergovernmental . . . . .	-	-	-	-	-
Accrued interest . . . . .	-	-	-	133	-
	<u>\$ 86,433</u>	<u>\$ 26,334</u>	<u>\$ 37,905</u>	<u>\$ 234,762</u>	<u>\$ 5,791</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 3,079	\$ -	\$ 6,147	\$ 26,072	\$ -
Accrued wages and benefits . . . . .	-	-	-	354	266
Pension obligation payable . . . . .	-	-	-	1,169	707
Intergovernmental payable . . . . .	-	-	34	24	7
Total liabilities . . . . .	<u>3,079</u>	<u>-</u>	<u>6,181</u>	<u>27,619</u>	<u>980</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	5,186	5,927	4,487	57,478	-
Unreserved, undesignated (deficit) . . . . .	78,168	20,407	27,237	149,665	4,811
Total fund balances (deficit) . . . . .	<u>83,354</u>	<u>26,334</u>	<u>31,724</u>	<u>207,143</u>	<u>4,811</u>
Total liabilities and fund balances . . . . .	<u>\$ 86,433</u>	<u>\$ 26,334</u>	<u>\$ 37,905</u>	<u>\$ 234,762</u>	<u>\$ 5,791</u>

Entry Year Programs	SchoolNet Professional Development	Ohio Reads	School Conflict Management	Title VI-B	Title III	Title V
\$ -	\$ 496	\$ 137	\$ 1,544	\$ 43,191	\$ -	\$ 201
-	-	-	-	110	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 496</u>	<u>\$ 137</u>	<u>\$ 1,544</u>	<u>\$ 43,301</u>	<u>\$ -</u>	<u>\$ 201</u>
\$ -	\$ -	\$ -	\$ -	\$ 731	\$ -	\$ 201
-	-	-	-	2,008	-	-
-	146	-	-	2	-	-
12	6	-	-	229	38	-
12	152	-	-	2,970	38	201
-	-	-	-	42,359	-	-
(12)	344	137	1,544	(2,028)	(38)	-
(12)	344	137	1,544	40,331	(38)	-
<u>\$ -</u>	<u>\$ 496</u>	<u>\$ 137</u>	<u>\$ 1,544</u>	<u>\$ 43,301</u>	<u>\$ -</u>	<u>\$ 201</u>

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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2006

	Preschool Disability	Title II-A	Total Nonmajor Special Revenue Funds
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 1,154	\$ 7,918	\$ 445,733
Receivables:			
Intergovernmental . . . . .	-	-	110
Accrued interest . . . . .	-	-	133
Total assets . . . . .	\$ 1,154	\$ 7,918	\$ 445,976
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ -	\$ -	\$ 36,230
Accrued wages and benefits . . . . .	-	-	2,628
Pension obligation payable. . . . .	-	-	2,024
Intergovernmental payable . . . . .	-	47	397
Total liabilities. . . . .	-	47	41,279
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	237	300	115,974
Unreserved, undesignated (deficit) . . . . .	917	7,571	288,723
Total fund balances (deficit). . . . .	1,154	7,871	404,697
Total liabilities and fund balances . . . . .	\$ 1,154	\$ 7,918	\$ 445,976



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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Public School Support	Other Grants	District Managed Activity	Auxiliary Services
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ -	\$ -	\$ 55	\$ 16,450
Extracurricular activities . . . . .	-	-	161,421	-
Contributions and donations . . . . .	33,622	44,450	3,691	-
Other local revenues . . . . .	40,533	-	88,644	-
Intergovernmental - State . . . . .	-	7,575	-	1,341,412
Intergovernmental - Federal . . . . .	-	-	-	-
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Total revenue . . . . .	74,155	52,025	253,811	1,357,862
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	25,438	-	-
Special . . . . .	-	2,187	-	-
Vocational . . . . .	-	391	-	-
Support services:				
Pupil . . . . .	76,586	1,239	-	-
Instructional staff . . . . .	-	3,098	-	-
Administration . . . . .	-	-	-	-
Pupil transportation . . . . .	-	840	-	-
Central . . . . .	-	-	-	-
Operation of non-instructional services . . . . .	-	-	-	-
Extracurricular activities . . . . .	-	1,000	230,650	-
Intergovernmental pass through . . . . .	-	-	-	1,154,008
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures . . . . .	76,586	34,193	230,650	1,154,008
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Net change in fund balances . . . . .	(2,431)	17,832	23,161	203,854
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances (deficit)</b>				
at beginning of year (restated) . . . . .	85,785	8,502	8,563	3,289
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<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 83,354</u>	<u>\$ 26,334</u>	<u>\$ 31,724</u>	<u>\$ 207,143</u>

Education Management Information Systems	Entry Year Programs	Data Communication	SchoolNet Professional Development	Ohio Reads	Summer Intervention
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,907	4,500	12,000	3,925	187	668
-	-	-	-	-	-
<u>8,907</u>	<u>4,500</u>	<u>12,000</u>	<u>3,925</u>	<u>187</u>	<u>668</u>
-	3,815	24,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,529	-	-
-	500	-	-	-	-
-	-	-	-	-	-
8,093	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,093</u>	<u>4,315</u>	<u>24,000</u>	<u>3,529</u>	<u>-</u>	<u>-</u>
814	185	(12,000)	396	187	668
<u>3,997</u>	<u>(197)</u>	<u>12,000</u>	<u>(52)</u>	<u>(50)</u>	<u>(668)</u>
<u>\$ 4,811</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ 137</u>	<u>\$ -</u>

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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	School Conflict Management	Title VI-B	Title III	Title V
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ -	\$ -	\$ -	\$ -
Extracurricular activities . . . . .	-	-	-	-
Contributions and donations . . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Intergovernmental - State . . . . .	-	-	-	-
Intergovernmental - Federal . . . . .	-	789,549	15,513	12,841
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Total revenue . . . . .	-	789,549	15,513	12,841
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	15,257	7,034
Special . . . . .	-	541,746	-	-
Vocational . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	82,698	-	-
Instructional staff . . . . .	-	28,178	-	-
Administration . . . . .	-	-	-	-
Pupil transportation . . . . .	-	-	-	-
Central . . . . .	-	-	-	-
Operation of non-instructional services . . . . .	-	129,161	-	6,833
Extracurricular activities . . . . .	-	-	-	-
Intergovernmental pass through . . . . .	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures . . . . .	-	781,783	15,257	13,867
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances . . . . .	-	7,766	256	(1,026)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances (deficit)</b>				
at beginning of year (restated) . . . . .	1,544	32,565	(294)	1,026
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances (deficit) at end of year . . . . .</b>	<b>\$ 1,544</b>	<b>\$ 40,331</b>	<b>\$ (38)</b>	<b>\$ -</b>
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<u>Drug Free Schools Grant</u>	<u>Preschool Disability</u>	<u>Title II-A</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 16,505
-	-	-	161,421
-	-	-	81,763
-	-	-	129,177
-	-	-	1,379,174
<u>8,023</u>	<u>14,596</u>	<u>57,340</u>	<u>897,862</u>
<u>8,023</u>	<u>14,596</u>	<u>57,340</u>	<u>2,665,902</u>
-	-	32,536	108,080
-	17,867	-	561,800
-	-	-	391
6,863	-	-	167,386
-	-	10,735	45,540
-	-	-	500
-	-	-	840
-	-	-	8,093
1,160	-	5,632	142,786
-	-	-	231,650
-	-	-	<u>1,154,008</u>
<u>8,023</u>	<u>17,867</u>	<u>48,903</u>	<u>2,421,074</u>
-	(3,271)	8,437	244,828
-	4,425	(566)	<u>159,869</u>
<u>\$ -</u>	<u>\$ 1,154</u>	<u>\$ 7,871</u>	<u>\$ 404,697</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PUBLIC SCHOOL SUPPORT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Contributions and donations . . . . .	\$ 28,627	\$ 29,000	\$ 33,622	\$ 4,622
Miscellaneous . . . . .	48,173	48,800	40,533	(8,267)
<i>Total revenues.</i> . . . .	<u>76,800</u>	<u>77,800</u>	<u>74,155</u>	<u>(3,645)</u>
<b>Expenditures:</b>				
Current:				
Support services-pupil:				
Purchased services . . . . .	5,869	5,940	12,124	(6,184)
Materials and supplies . . . . .	49,197	49,792	27,567	22,225
Capital outlay . . . . .	14,771	14,950	5,011	9,939
Other . . . . .	49,973	50,578	44,480	6,098
<i>Total support services-pupil.</i> . . . .	<u>119,810</u>	<u>121,260</u>	<u>89,182</u>	<u>32,078</u>
<i>Total expenditures</i> . . . . .	<u>119,810</u>	<u>121,260</u>	<u>89,182</u>	<u>32,078</u>
<i>Net change in fund balance.</i> . . . . .	(43,010)	(43,460)	(15,027)	28,433
<i>Fund balance at beginning of year</i> . . . . .	84,210	84,210	84,210	-
<i>Prior year encumbrances appropriated.</i> . . . .	11,685	11,685	11,685	-
<i>Fund balance at end of year.</i> . . . .	<u>\$ 52,885</u>	<u>\$ 52,435</u>	<u>\$ 80,868</u>	<u>\$ 28,433</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OTHER GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Contributions and donations . . . . .	\$ 1,000	\$ 44,232	\$ 44,450	\$ 218
Intergovernmental-state . . . . .	-	-	7,575	7,575
<i>Total revenues.</i> . . . .	<u>1,000</u>	<u>44,232</u>	<u>52,025</u>	<u>7,793</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	40	225	-	225
Fringe benefits . . . . .	6	35	-	35
Purchased services . . . . .	866	4,872	4,630	242
Materials and supplies . . . . .	2,624	14,772	12,180	2,592
Capital outlay . . . . .	2,097	11,800	9,921	1,879
<i>Total instruction-regular.</i> . . . .	<u>5,633</u>	<u>31,704</u>	<u>26,731</u>	<u>4,973</u>
Instruction-special:				
Materials and supplies . . . . .	356	2,005	1,987	18
Capital outlay . . . . .	897	5,047	4,834	213
<i>Total instruction-special.</i> . . . .	<u>1,253</u>	<u>7,052</u>	<u>6,821</u>	<u>231</u>
Instruction-vocational:				
Materials and supplies . . . . .	69	391	391	-
<i>Total instruction-vocational.</i> . . . .	<u>69</u>	<u>391</u>	<u>391</u>	<u>-</u>
Support services-pupil				
Purchased services . . . . .	220	1,239	1,239	-
<i>Total support services-pupil.</i> . . . .	<u>220</u>	<u>1,239</u>	<u>1,239</u>	<u>-</u>
Support services-instructional staff:				
Purchased services . . . . .	17	94	-	94
Materials and supplies . . . . .	46	258	-	258
Capital outlay . . . . .	88	495	-	495
Other . . . . .	887	4,993	3,098	1,895
<i>Total support services-instructional staff.</i> . . . .	<u>1,038</u>	<u>5,840</u>	<u>3,098</u>	<u>2,742</u>
Support services-pupil transportation				
Purchased services . . . . .	444	2,500	840	1,660
<i>Total support services-pupil transportation.</i> . . . .	<u>444</u>	<u>2,500</u>	<u>840</u>	<u>1,660</u>
Extracurricular activities:				
Capital outlay . . . . .	178	1,000	1,000	-
<i>Total extracurricular activities.</i> . . . .	<u>178</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>8,835</u>	<u>49,726</u>	<u>40,120</u>	<u>9,606</u>
<i>Net change in fund balance.</i> . . . .	(7,835)	(5,494)	11,905	17,399
<i>Fund balance at beginning of year.</i> . . . .	7,978	7,978	7,978	-
<i>Prior year encumbrances appropriated.</i> . . . .	524	524	524	-
<i>Fund balance at end of year.</i> . . . .	<u>\$ 667</u>	<u>\$ 3,008</u>	<u>\$ 20,407</u>	<u>\$ 17,399</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DISTRICT MANAGED ACTIVITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Earnings on investments . . . . .	\$ -	\$ -	\$ 55	\$ 55
Extracurricular activities . . . . .	187,597	148,520	161,385	12,865
Contributions and donations . . . . .	3,158	2,500	3,691	1,191
Miscellaneous . . . . .	130,411	103,246	91,763	(11,483)
<i>Total revenues.</i> . . . .	<u>321,166</u>	<u>254,266</u>	<u>256,894</u>	<u>2,628</u>
<b>Expenditures:</b>				
Current:				
Extracurricular activities:				
Salaries and wages . . . . .	28,706	22,911	19,706	3,205
Fringe benefits . . . . .	3,508	2,800	2,914	(114)
Purchased services . . . . .	98,581	78,680	69,627	9,053
Materials and supplies . . . . .	126,206	100,728	104,051	(3,323)
Capital outlay . . . . .	13,798	11,012	12,253	(1,241)
Other . . . . .	44,908	35,842	28,567	7,275
<i>Total extracurricular activities.</i> . . . .	<u>315,707</u>	<u>251,973</u>	<u>237,118</u>	<u>14,855</u>
<i>Total expenditures</i> . . . . .	<u>315,707</u>	<u>251,973</u>	<u>237,118</u>	<u>14,855</u>
<i>Net change in fund balance.</i> . . . .	5,459	2,293	19,776	17,483
<i>Fund balance at beginning of year</i> . . . . .	6,568	6,568	6,568	-
<i>Prior year encumbrances appropriated.</i> . . . .	927	927	927	-
<i>Fund balance at end of year.</i> . . . .	<u>\$ 12,954</u>	<u>\$ 9,788</u>	<u>\$ 27,271</u>	<u>\$ 17,483</u>



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
AUXILIARY SERVICES FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest . . . . .	\$ 6,485	\$ 13,656	\$ 15,289	\$ 1,633
Intergovernmental . . . . .	637,515	1,342,450	1,341,413	(1,037)
<i>Total revenues.</i> . . . .	<u>644,000</u>	<u>1,356,106</u>	<u>1,356,702</u>	<u>596</u>
<b>Expenditures:</b>				
Current:				
Intergovernmental pass-through:				
Salaries and wages . . . . .	11,743	24,498	16,814	7,684
Fringe benefits . . . . .	2,042	4,260	4,600	(340)
Purchased services . . . . .	377,435	787,407	738,189	49,218
Materials and supplies . . . . .	196,314	409,550	350,735	58,815
Capital outlay . . . . .	67,115	140,016	106,139	33,877
Total intergovernmental pass-through. . . . .	<u>654,649</u>	<u>1,365,731</u>	<u>1,216,477</u>	<u>149,254</u>
<i>Total expenditures</i> . . . . .	<u>654,649</u>	<u>1,365,731</u>	<u>1,216,477</u>	<u>149,254</u>
<i>Excess of revenues over (under) expenditures</i> . . . . .	<u>(10,649)</u>	<u>(9,625)</u>	<u>140,225</u>	<u>149,850</u>
<b>Other financing uses:</b>				
Refund of prior year's receipts . . . . .	(70)	(145)	(145)	-
<i>Total other financing uses</i> . . . . .	<u>(70)</u>	<u>(145)</u>	<u>(145)</u>	<u>-</u>
<i>Net change in fund balance</i> . . . . .	(10,719)	(9,770)	140,080	149,850
<i>Fund balance at beginning of year</i> . . . . .	36	36	36	-
<i>Prior year encumbrances appropriated.</i> . . . .	10,719	10,719	10,719	-
<i>Fund balance at end of year.</i> . . . .	<u>\$ 36</u>	<u>\$ 985</u>	<u>\$ 150,835</u>	<u>\$ 149,850</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EDUCATION MANAGEMENT INFORMATION SYSTEMS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 9,500	\$ 8,907	\$ (593)
<i>Total revenues</i> . . . . .	<u>-</u>	<u>9,500</u>	<u>8,907</u>	<u>(593)</u>
<b>Expenditures:</b>				
Current:				
Support services-central:				
Salaries and wages . . . . .	2,523	4,366	4,093	273
Fringe benefits . . . . .	382	661	617	44
Purchased services . . . . .	1,796	3,107	3,107	-
Total support services-central . . . . .	<u>4,701</u>	<u>8,134</u>	<u>7,817</u>	<u>317</u>
<i>Total expenditures</i> . . . . .	<u>4,701</u>	<u>8,134</u>	<u>7,817</u>	<u>317</u>
<i>Net change in fund balance</i> . . . . .	(4,701)	1,366	1,090	(276)
<i>Fund balance at beginning of year</i> . . . . .	4,701	4,701	4,701	-
<i>Fund balance at end of year</i> . . . . .	<u>\$ -</u>	<u>\$ 6,067</u>	<u>\$ 5,791</u>	<u>\$ (276)</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENTRY YEAR PROGRAMS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 6,600	\$ 4,500	\$ 4,500	\$ -
Total revenues . . . . .	<u>6,600</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular				
Salaries and wages . . . . .	5,867	4,000	4,000	-
Total instruction-regular . . . . .	<u>5,867</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Support services-administration				
Purchased services . . . . .	733	500	500	-
Total support services-administration . . . . .	<u>733</u>	<u>500</u>	<u>500</u>	<u>-</u>
<i>Total expenditures . . . . .</i>	<u>6,600</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
<i>Net change in fund balance . . . . .</i>	-	-	-	-
<i>Fund balance at beginning of year . . . . .</i>	-	-	-	-
<i>Fund balance at end of year . . . . .</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DATA COMMUNICATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 12,000	\$ 12,000	\$ -
Total revenues . . . . .	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular				
Purchased services . . . . .	4,951	9,902	9,902	-
Materials and supplies . . . . .	1,554	3,107	3,107	-
Capital outlay . . . . .	<u>5,495</u>	<u>10,991</u>	<u>10,991</u>	<u>-</u>
Total instruction-regular . . . . .	<u>12,000</u>	<u>24,000</u>	<u>24,000</u>	<u>-</u>
Total expenditures . . . . .	<u>12,000</u>	<u>24,000</u>	<u>24,000</u>	<u>-</u>
Net change in fund balance . . . . .	(12,000)	(12,000)	(12,000)	-
Fund balance at beginning of year . . . . .	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOOLNET PROFESSIONAL DEVELOPMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 3,300	\$ 3,925	\$ 3,925	\$ -
<i>Total revenues</i> . . . . .	<u>3,300</u>	<u>3,925</u>	<u>3,925</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services-instructional staff:				
Salaries and wages . . . . .	1,987	2,566	2,144	422
Fringe benefits . . . . .	313	404	330	74
Purchased services . . . . .	<u>1,000</u>	<u>955</u>	<u>955</u>	<u>-</u>
Total support services-instructional staff . . . . .	<u>3,300</u>	<u>3,925</u>	<u>3,429</u>	<u>496</u>
<i>Total expenditures</i> . . . . .	<u>3,300</u>	<u>3,925</u>	<u>3,429</u>	<u>496</u>
<i>Net change in fund balance</i> . . . . .	-	-	496	496
<i>Fund balance at beginning of year</i> . . . . .	-	-	-	-
<i>Fund balance at end of year</i> . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496</u>	<u>\$ 496</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
OHIO READS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 2,412	\$ 2,397	\$ 2,397	\$ -
<i>Total revenues.</i> . . . .	<u>2,412</u>	<u>2,397</u>	<u>2,397</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular				
Materials and supplies. . . . .	500	637	485	152
Total instruction-regular. . . . .	<u>500</u>	<u>637</u>	<u>485</u>	<u>152</u>
<i>Total expenditures</i> . . . . .	<u>500</u>	<u>637</u>	<u>485</u>	<u>152</u>
<i>Excess of revenues over (under) expenditures</i> . . . . .	<u>1,912</u>	<u>1,760</u>	<u>1,912</u>	<u>152</u>
<b>Other financing uses:</b>				
Advances (out) . . . . .	-	-	(1,775)	(1,775)
<i>Total other financing uses.</i> . . . .	<u>-</u>	<u>-</u>	<u>(1,775)</u>	<u>(1,775)</u>
<i>Net change in fund balance</i> . . . . .	1,912	1,760	137	(1,623)
<i>Fund balance at beginning of year</i> . . . . .	(500)	(500)	(500)	-
<i>Prior year encumbrances appropriated.</i> . . . .	500	500	500	-
<i>Fund balance at end of year.</i> . . . .	<u>\$ 1,912</u>	<u>\$ 1,760</u>	<u>\$ 137</u>	<u>\$ (1,623)</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SUMMER INTERVENTION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 1,860	\$ 1,860	\$ -
<i>Total revenues.</i> . . . .	<u>-</u>	<u>1,860</u>	<u>1,860</u>	<u>-</u>
<i>Excess of revenues over (under) expenditures</i> . . . . .	<u>-</u>	<u>1,860</u>	<u>1,860</u>	<u>-</u>
<b>Other financing uses:</b>				
Advances (out) . . . . .	-	-	(1,860)	(1,860)
<i>Total other financing uses.</i> . . . .	<u>-</u>	<u>-</u>	<u>(1,860)</u>	<u>(1,860)</u>
<i>Net change in fund balance</i> . . . . .	<u>-</u>	<u>1,860</u>	<u>-</u>	<u>(1,860)</u>
<i>Fund balance at beginning of year</i> . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance at end of year.</i> . . . .	<u>\$ -</u>	<u>\$ 1,860</u>	<u>\$ -</u>	<u>\$ (1,860)</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOOL CONFLICT MANAGEMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	\$ 1,014	\$ 1,014	\$ -	\$ 1,014
Total instruction-regular. . . . .	<u>1,014</u>	<u>1,014</u>	-	<u>1,014</u>
Support services-instructional staff				
Salaries and wages . . . . .	530	530	-	530
Total support services-instructional staff . . . . .	<u>530</u>	<u>530</u>	-	<u>530</u>
Total expenditures . . . . .	<u>1,544</u>	<u>1,544</u>	-	<u>530</u>
Net change in fund balance . . . . .	(1,544)	(1,544)	-	530
Fund balance at beginning of year . . . . .	<u>1,544</u>	<u>1,544</u>	<u>1,544</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,544</u>	<u>\$ 530</u>



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE VI-B FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 892,521	\$ 893,512	\$ 886,304	\$ (7,208)
<i>Total revenues.</i> . . . .	<u>892,521</u>	<u>893,512</u>	<u>886,304</u>	<u>(7,208)</u>
<b>Expenditures:</b>				
Current:				
Instruction-special:				
Salaries and wages . . . . .	93,046	92,996	92,996	-
Fringe benefits . . . . .	24,899	25,077	24,886	191
Purchased services . . . . .	471,225	470,971	470,971	-
Capital outlay . . . . .	5,748	5,750	5,745	5
<i>Total instruction-special.</i> . . . .	<u>594,918</u>	<u>594,794</u>	<u>594,598</u>	<u>196</u>
Support services-pupil:				
Salaries and wages . . . . .	70,165	70,150	70,150	-
Fringe benefits . . . . .	21,037	21,033	20,907	126
<i>Total support services-pupil.</i> . . . .	<u>91,202</u>	<u>91,183</u>	<u>91,057</u>	<u>126</u>
Support services-instructional staff:				
Salaries and wages . . . . .	10,802	10,800	9,034	1,766
Fringe benefits . . . . .	1,890	1,890	1,422	468
Purchased services . . . . .	26,666	26,661	22,606	4,055
Materials and supplies . . . . .	15,958	15,955	15,257	698
<i>Total support services-instructional staff.</i> . . . .	<u>55,316</u>	<u>55,306</u>	<u>48,319</u>	<u>6,987</u>
Operation of non-instructional services				
Purchased services . . . . .	129,254	129,227	129,227	-
<i>Total operation of non-instructional services.</i> . . . .	<u>129,254</u>	<u>129,227</u>	<u>129,227</u>	<u>-</u>
<i>Total expenditures.</i> . . . .	<u>870,690</u>	<u>870,510</u>	<u>863,201</u>	<u>7,309</u>
<i>Excess of revenues over (under) expenditures.</i> . . . .	<u>21,831</u>	<u>23,002</u>	<u>23,103</u>	<u>101</u>
<b>Other financing uses:</b>				
Advances (out) . . . . .	-	-	(23,002)	(23,002)
<i>Total other financing uses.</i> . . . .	<u>-</u>	<u>-</u>	<u>(23,002)</u>	<u>(23,002)</u>
<i>Net change in fund balance.</i> . . . .	21,831	23,002	101	(22,901)
<i>Fund balance at beginning of year.</i> . . . .	(64,096)	(64,096)	(64,096)	-
<i>Prior year encumbrances appropriated.</i> . . . .	64,096	64,096	64,096	-
<i>Fund balance at end of year.</i> . . . .	<u>\$ 21,831</u>	<u>\$ 23,002</u>	<u>\$ 101</u>	<u>\$ (22,901)</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE III FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 15,091	\$ 15,513	\$ 15,513	\$ -
<i>Total revenues</i> . . . . .	<u>15,091</u>	<u>15,513</u>	<u>15,513</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	13,716	14,099	14,099	-
Fringe benefits . . . . .	1,284	1,320	1,320	-
Purchased services . . . . .	91	94	94	-
Total instruction-regular . . . . .	<u>15,091</u>	<u>15,513</u>	<u>15,513</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>15,091</u>	<u>15,513</u>	<u>15,513</u>	<u>-</u>
<i>Net change in fund balance</i> . . . . .	-	-	-	-
<i>Fund balance at beginning of year</i> . . . . .	-	-	-	-
<i>Fund balance at end of year</i> . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE V FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 12,841	\$ 12,841	\$ 12,841	\$ -
<i>Total revenues</i> . . . . .	<u>12,841</u>	<u>12,841</u>	<u>12,841</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Materials and supplies . . . . .	6,811	6,811	6,811	-
Capital outlay . . . . .	223	223	223	-
Total instruction-regular . . . . .	<u>7,034</u>	<u>7,034</u>	<u>7,034</u>	<u>-</u>
Operation of non-instructional services:				
Materials and supplies . . . . .	4,938	4,938	4,938	-
Capital outlay . . . . .	1,895	1,895	1,895	-
Total operation of non-instructional services . . . . .	<u>6,833</u>	<u>6,833</u>	<u>6,833</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>13,867</u>	<u>13,867</u>	<u>13,867</u>	<u>-</u>
<i>Net change in fund balance</i> . . . . .	(1,026)	(1,026)	(1,026)	-
<i>Fund balance at beginning of year</i> . . . . .	-	-	-	-
<i>Prior year encumbrances appropriated</i> . . . . .	1,026	1,026	1,026	-
<i>Fund balance at end of year</i> . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DRUG FREE SCHOOLS GRANT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 7,562	\$ 8,023	\$ 8,023	\$ -
<i>Total revenues.</i> . . . .	<u>7,562</u>	<u>8,023</u>	<u>8,023</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Support services-pupil:				
Purchased services . . . . .	6,469	6,863	6,863	-
<i>Total support services-pupil.</i> . . . .	<u>6,469</u>	<u>6,863</u>	<u>6,863</u>	<u>-</u>
Operation of non-instructional services:				
Purchased services . . . . .	879	933	933	-
Materials and supplies . . . . .	214	227	227	-
<i>Total operation of non-instructional     services.</i> . . . .	<u>1,093</u>	<u>1,160</u>	<u>1,160</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>7,562</u>	<u>8,023</u>	<u>8,023</u>	<u>-</u>
<i>Net change in fund balance.</i> . . . . .	-	-	-	-
<i>Fund balance at beginning of year</i> . . . . .	-	-	-	-
<i>Fund balance at end of year.</i> . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PRESCHOOL DISABILITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 22,956	\$ 24,110	\$ 24,110	\$ -
<i>Total revenues.</i> . . . .	<u>22,956</u>	<u>24,110</u>	<u>24,110</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction-special:				
Purchased services . . . . .	18,736	23,610	19,133	4,477
Materials and supplies . . . . .	397	500	237	263
<i>Total instruction-special.</i> . . . .	<u>19,133</u>	<u>24,110</u>	<u>19,370</u>	<u>4,740</u>
<i>Total expenditures.</i> . . . .	<u>19,133</u>	<u>24,110</u>	<u>19,370</u>	<u>4,740</u>
<i>Excess of revenues over (under) expenditures.</i> . . . .	<u>3,823</u>	<u>-</u>	<u>4,740</u>	<u>4,740</u>
<b>Other financing uses:</b>				
Advances (out) . . . . .	-	-	(3,823)	(3,823)
<i>Total other financing uses.</i> . . . .	<u>-</u>	<u>-</u>	<u>(3,823)</u>	<u>(3,823)</u>
<i>Net change in fund balance.</i> . . . .	3,823	-	917	917
<i>Fund balance at beginning of year.</i> . . . .	(5,691)	(5,691)	(5,691)	-
<i>Prior year encumbrances appropriated.</i> . . . .	5,691	5,691	5,691	-
<i>Fund balance at end of year.</i> . . . .	<u>\$ 3,823</u>	<u>\$ -</u>	<u>\$ 917</u>	<u>\$ 917</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE II-A FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 58,022	\$ 57,340	\$ 57,340	\$ -
<i>Total revenues</i> . . . . .	<u>58,022</u>	<u>57,340</u>	<u>57,340</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction-regular:				
Salaries and wages . . . . .	28,689	28,352	28,352	-
Fringe benefits . . . . .	4,518	4,465	4,465	-
Total instruction-regular . . . . .	<u>33,207</u>	<u>32,817</u>	<u>32,817</u>	<u>-</u>
Support services-instructional staff				
Salaries and wages . . . . .	13,729	13,568	7,036	6,532
Fringe benefits . . . . .	2,163	2,137	1,098	1,039
Purchased services . . . . .	3,224	3,186	3,139	47
Total support services-instructional staff . . . . .	<u>19,116</u>	<u>18,891</u>	<u>11,273</u>	<u>7,618</u>
Operation of non-instructional services:				
Purchased services . . . . .	5,699	5,632	5,632	-
Total operation of non-instructional services . . . . .	<u>5,699</u>	<u>5,632</u>	<u>5,632</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>58,022</u>	<u>57,340</u>	<u>49,722</u>	<u>7,618</u>
<i>Net change in fund balance</i> . . . . .	-	-	7,618	7,618
<i>Fund balance at beginning of year</i> . . . . .	-	-	-	-
<i>Fund balance at end of year</i> . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,618</u>	<u>\$ 7,618</u>

**ROCKY RIVER CITY SCHOOL DISTRICT**  
**COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS**

**Nonmajor Capital Projects Funds**

Capital Projects funds account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds and trust funds). A description of the District's capital projects funds follows:

***Building Fund***

A fund provided to account for all transactions related to the acquiring, construction, or improving of such permanent improvements.

***SchoolNet Plus Fund***

A fund provided to account for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2006

	Building	Total Nonmajor Capital Projects Funds
<b>Liabilities:</b>		
Interfund loan payable . . . . .	\$ 350,452	\$ 350,452
Total liabilities . . . . .	350,452	350,452
<b>Fund Balances:</b>		
Unreserved, undesignated (deficit) . . . . .	(350,452)	(350,452)
Total fund balances (deficit). . . . .	(350,452)	(350,452)
Total liabilities and fund balances . . . . .	\$ -	\$ -



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Building	SchoolNet Plus	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>			
From local sources:			
Earnings on investments . . . . .	\$ 58	\$ -	\$ 58
Rentals . . . . .	95,218	-	95,218
Total revenue . . . . .	95,276	-	95,276
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	-	1,888	1,888
Facilities acquisition and construction . . . . .	113	-	113
Debt service:			
Interest and fiscal charges . . . . .	218	-	218
Total expenditures . . . . .	331	1,888	2,219
Net change in fund balances . . . . .	94,945	(1,888)	93,057
<b>Fund balances (deficit)</b>			
<b>at beginning of year (restated).</b> . . . . .	(445,397)	1,888	(443,509)
<b>Fund balances (deficit) at end of year</b> . . . . .	\$ (350,452)	\$ -	\$ (350,452)

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
BUILDING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest . . . . .	\$ -	\$ 58	\$ 58	\$ -
<i>Total revenues</i> . . . . .	<u>-</u>	<u>58</u>	<u>58</u>	<u>-</u>
<b>Expenditures:</b>				
Facilities acquisition and construction:				
Capital outlay . . . . .	20,264	20,377	20,377	-
Total facilities acquisition and construction . . . . .	<u>20,264</u>	<u>20,377</u>	<u>20,377</u>	<u>-</u>
<i>Total expenditures</i> . . . . .	<u>20,264</u>	<u>20,377</u>	<u>20,377</u>	<u>-</u>
<i>Net change in fund balance</i> . . . . .	(20,264)	(20,319)	(20,319)	-
<i>Fund balance at beginning of year</i> . . . . .	<u>20,319</u>	<u>20,319</u>	<u>20,319</u>	<u>-</u>
<i>Fund balance at end of year</i> . . . . .	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SCHOOLNET PLUS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Current:				
Instruction-regular				
Capital outlay . . . . .	\$ 1,888	\$ 1,888	\$ 1,888	\$ -
Total instruction-regular. . . . .	<u>1,888</u>	<u>1,888</u>	<u>1,888</u>	<u>-</u>
<i>Total expenditures . . . . .</i>	<u>1,888</u>	<u>1,888</u>	<u>1,888</u>	<u>-</u>
<i>Net change in fund balance . . . . .</i>	(1,888)	(1,888)	(1,888)	-
<i>Fund balance at beginning of year . . . . .</i>	<u>1,888</u>	<u>1,888</u>	<u>1,888</u>	<u>-</u>
<i>Fund balance at end of year . . . . .</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## ROCKY RIVER CITY SCHOOL DISTRICT

### NONMAJOR ENTERPRISE FUNDS - FUND DESCRIPTIONS

#### Nonmajor Enterprise Funds

A fund category to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students or general public on a continuing basis are financed or recovered primarily through user charges. This fund category can also account for operations where the school board has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

#### *Uniform School Supplies*

A fund provided to account for transactions made in connection with school supplies. Receipts include, but are not limited to, charges for services from patrons and students and reimbursement from the State Department of Education. Expenses include supplies, salaries and textbooks.

#### *Community Programs*

This fund accounts for the programs of the community center and summer school.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2006

	<u>Uniform School Supplies</u>	<u>Community Programs</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents . . . . .	\$ 19,193	\$ 13,982	\$ 33,175
Receivables:			
Accounts . . . . .	-	338	338
Inventory held for resale . . . . .	6,887	-	6,887
Total current assets . . . . .	<u>26,080</u>	<u>14,320</u>	<u>40,400</u>
Noncurrent assets:			
Land . . . . .	-	48,591	48,591
Depreciable capital assets, net . . . . .	-	217,752	217,752
Total assets . . . . .	<u>26,080</u>	<u>280,663</u>	<u>306,743</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	-	2,623	2,623
Accrued wages and benefits . . . . .	-	1,677	1,677
Pension obligation payable . . . . .	-	4,396	4,396
Intergovernmental payable . . . . .	-	74	74
Total current liabilities . . . . .	<u>-</u>	<u>8,770</u>	<u>8,770</u>
Long-term liabilities:			
Compensated absences . . . . .	-	9,965	9,965
Total liabilities . . . . .	<u>-</u>	<u>18,735</u>	<u>18,735</u>
<b>Net assets:</b>			
Invested in capital assets . . . . .	-	266,343	266,343
Unrestricted (deficit) . . . . .	26,080	(4,415)	21,665
Total net assets . . . . .	<u>\$ 26,080</u>	<u>\$ 261,928</u>	<u>\$ 288,008</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Uniform School Supplies</b>	<b>Community Programs</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Operating revenues:</b>			
Tuition and fees. . . . .	\$ 27,041	\$ 298,381	\$ 325,422
Other . . . . .	-	8,970	8,970
Total operating revenues . . . . .	27,041	307,351	334,392
<b>Operating expenses:</b>			
Personal services. . . . .	-	30,987	30,987
Purchased services. . . . .	-	137,272	137,272
Materials and supplies . . . . .	-	111,951	111,951
Cost of sales . . . . .	22,860	-	22,860
Depreciation . . . . .	-	15,191	15,191
Other. . . . .	-	39,480	39,480
Total operating expenses. . . . .	22,860	334,881	357,741
Operating income (loss) . . . . .	4,181	(27,530)	(23,349)
<b>Net assets at beginning of year . . . . .</b>	21,899	289,458	311,357
<b>Net assets at end of year. . . . .</b>	\$ 26,080	\$ 261,928	\$ 288,008

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Uniform School Supplies</b>	<b>Community Programs</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Cash flows from operating activities:</b>			
Cash received from tuition and fees . . . . .	\$ 27,041	\$ 298,458	\$ 325,499
Cash received from other operations. . . . .	-	8,970	8,970
Cash payments for personal services. . . . .	-	(29,826)	(29,826)
Cash payments for purchased services . . . . .	-	(136,155)	(136,155)
Cash payments for materials and supplies . . . . .	-	(116,635)	(116,635)
Cash payments for cost of goods sold . . . . .	(25,629)	-	(25,629)
Cash payments for other expenses . . . . .	-	(39,480)	(39,480)
Net cash provided by (used in) operating activities . . . . .	1,412	(14,668)	(13,256)
Net increase (decrease) in cash and cash equivalents . . . . .	1,412	(14,668)	(13,256)
<b>Cash and cash equivalents at beginning of year . . .</b>	17,781	28,650	46,431
<b>Cash and cash equivalents at end of year. . . . .</b>	<b>\$ 19,193</b>	<b>\$ 13,982</b>	<b>\$ 33,175</b>
 <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss). . . . .	\$ 4,181	\$ (27,530)	\$ (23,349)
Adjustments:			
Depreciation. . . . .	-	15,191	15,191
Changes in assets and liabilities:			
Increase in inventory held for resale. . . . .	(2,769)	-	(2,769)
Decrease in accounts receivable. . . . .	-	77	77
Decrease in accounts payable . . . . .	-	(3,567)	(3,567)
Decrease in accrued wages and benefits. . . . .	-	(26)	(26)
Decrease in intergovernmental payable . . . . .	-	(372)	(372)
Decrease in compensated absences payable . . . . .	-	(670)	(670)
Increase in pension obligation payable. . . . .	-	2,229	2,229
Net cash provided by (used in) operating activities . . . . .	<b>\$ 1,412</b>	<b>\$ (14,668)</b>	<b>\$ (13,256)</b>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
UNIFORM SCHOOL SUPPLIES FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services. . . . .	\$ 32,750	\$ 32,750	\$ 27,041	\$ (5,709)
<i>Total operating revenues</i> . . . . .	<u>32,750</u>	<u>32,750</u>	<u>27,041</u>	<u>(5,709)</u>
<b>Operating expenses:</b>				
Cost of sales. . . . .	31,555	31,555	25,629	5,926
<i>Total operating expenses</i> . . . . .	<u>31,555</u>	<u>31,555</u>	<u>25,629</u>	<u>5,926</u>
<i>Net change in fund equity</i> . . . . .	1,195	1,195	1,412	217
<i>Fund equity at beginning of year</i> . . . . .	<u>17,781</u>	<u>17,781</u>	<u>17,781</u>	<u>-</u>
<i>Fund equity at end of year</i> . . . . .	<u>\$ 18,976</u>	<u>\$ 18,976</u>	<u>\$ 19,193</u>	<u>\$ 217</u>



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
COMMUNITY PROGRAMS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Tuition and fees . . . . .	\$ 187,511	\$ 191,035	\$ 153,257	\$ (37,778)
Miscellaneous. . . . .	131,724	134,200	150,226	16,026
Other revenue . . . . .	-	-	3,946	3,946
<i>Total operating revenues</i> . . . . .	<u>319,235</u>	<u>325,235</u>	<u>307,429</u>	<u>(17,806)</u>
<b>Operating expenses:</b>				
Salaries and wages . . . . .	25,954	27,680	24,633	3,047
Fringe benefits . . . . .	5,059	5,395	5,194	201
Purchased services . . . . .	117,432	125,242	141,076	(15,834)
Materials and supplies. . . . .	140,432	149,772	120,749	29,023
Capital outlay . . . . .	-	-	520	(520)
Other . . . . .	41,920	44,708	40,118	4,590
<i>Total operating expenses</i> . . . . .	<u>330,797</u>	<u>352,797</u>	<u>332,290</u>	<u>20,507</u>
<i>Net change in fund equity</i> . . . . .	(11,562)	(27,562)	(24,861)	2,701
<i>Fund equity at beginning of year</i> . . . . .	14,615	14,615	14,615	-
<i>Prior year encumbrances appropriated</i> . . . . .	14,035	14,035	14,035	-
<i>Fund equity at end of year</i> . . . . .	<u>\$ 17,088</u>	<u>\$ 1,088</u>	<u>\$ 3,789</u>	<u>\$ 2,701</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SELF INSURANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues:</b>				
Charges for services. . . . .	\$ 330,000	\$ 657,000	\$ 661,504	\$ 4,504
<i>Total operating revenues</i> . . . . .	<u>330,000</u>	<u>657,000</u>	<u>661,504</u>	<u>4,504</u>
<b>Operating expenses:</b>				
Fringe benefits . . . . .	20,921	42,000	41,437	563
Purchased services . . . . .	249	500	500	-
Claims. . . . .	<u>308,830</u>	<u>620,000</u>	<u>617,787</u>	<u>2,213</u>
<i>Total operating expenses</i> . . . . .	<u>330,000</u>	<u>662,500</u>	<u>659,724</u>	<u>2,776</u>
Excess of revenues over (under) expenditures . . . . .	-	(5,500)	1,780	7,280
<b>Other financing sources (uses):</b>				
Refund of prior year's expenses . . . . .	-	-	2,531	2,531
<i>Total other financing sources (uses)</i> . . . . .	<u>-</u>	<u>-</u>	<u>2,531</u>	<u>2,531</u>
<i>Net change in fund equity</i> . . . . .	-	(5,500)	4,311	9,811
<i>Fund equity at beginning of year</i> . . . . .	5,275	5,275	5,275	-
<i>Fund equity at end of year</i> . . . . .	<u>\$ 5,275</u>	<u>\$ (225)</u>	<u>\$ 9,586</u>	<u>\$ 9,811</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest . . . . .	\$ -	\$ -	\$ 2,358	\$ 2,358
Contributions and donations . . . . .	<u>33,500</u>	<u>33,500</u>	<u>32,000</u>	<u>(1,500)</u>
<i>Total revenues</i> . . . . .	<u>33,500</u>	<u>33,500</u>	<u>34,358</u>	<u>858</u>
<b>Expenses:</b>				
Other . . . . .	<u>29,811</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
<i>Total expenses</i> . . . . .	<u>29,811</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
<i>Net change in fund equity</i> . . . . .	3,689	3,500	4,358	858
<i>Fund equity at beginning of year</i> . . . . .	<u>48,953</u>	<u>48,953</u>	<u>48,953</u>	<u>-</u>
<i>Fund equity at end of year</i> . . . . .	<u>\$ 52,642</u>	<u>\$ 52,453</u>	<u>\$ 53,311</u>	<u>\$ 858</u>

**ROCKY RIVER CITY SCHOOL DISTRICT**  
**COMBINING STATEMENTS - AGENCY FUND**

*AGENCY FUND*

*Student Managed Activities Fund*

This fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Beginning Balance July 1, 2005	Additions	Deletions	Ending Balance June 30, 2006
<b>Student Managed Activities</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 75,753	\$ 206,227	\$ 196,030	\$ 85,950
Receivables				
Accrued interest . . . . .	-	49	-	49
Total assets . . . . .	<u>\$ 75,753</u>	<u>\$ 206,276</u>	<u>\$ 196,030</u>	<u>\$ 85,999</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 1,285	\$ 4,899	\$ 1,285	\$ 4,899
Due to students. . . . .	<u>74,468</u>	<u>201,377</u>	<u>194,745</u>	<u>81,100</u>
Total liabilities . . . . .	<u>\$ 75,753</u>	<u>\$ 206,276</u>	<u>\$ 196,030</u>	<u>\$ 85,999</u>

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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>136-143</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>144-151</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>152-155</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>156-157</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>158-167</b>

**Sources:** Sources are noted on the individual schedules. The District implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NET ASSETS BY COMPONENT  
LAST SIX FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 7,597,331	\$ 7,268,356	\$ 6,142,045	\$ 4,349,221	\$ 4,276,001	\$ 2,467,127
Restricted	3,466,093	3,278,482	3,608,820	4,669,876	5,681,352	7,437,474
Unrestricted	(4,176,753)	(4,997,534)	(240,144)	496,171	2,049,851	175,223
Total governmental activities net assets	<u>\$ 6,886,671</u>	<u>\$ 5,549,304</u>	<u>\$ 9,510,721</u>	<u>\$ 9,515,268</u>	<u>\$ 12,007,204</u>	<u>\$ 10,079,824</u>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ 303,835	\$ 305,639	\$ 321,849	\$ 333,205	\$ 331,722	\$ 293,167
Unrestricted	56,717	52,327	64,756	103,447	113,693	131,367
Total business-type activities net assets	<u>\$ 360,552</u>	<u>\$ 357,966</u>	<u>\$ 386,605</u>	<u>\$ 436,652</u>	<u>\$ 445,415</u>	<u>\$ 424,534</u>
<b>Primary government</b>						
Invested in capital assets, net of related debt	\$ 7,901,166	\$ 7,573,995	\$ 6,463,894	\$ 4,682,426	\$ 4,607,723	\$ 2,760,294
Restricted	3,466,093	3,278,482	3,608,820	4,669,876	5,681,352	7,437,474
Unrestricted	(4,120,036)	(4,945,207)	(175,388)	599,618	2,163,544	306,590
Total primary government net assets	<u>\$ 7,247,223</u>	<u>\$ 5,907,270</u>	<u>\$ 9,897,326</u>	<u>\$ 9,951,920</u>	<u>\$ 12,452,619</u>	<u>\$ 10,504,358</u>

**Source:** School District financial records.

Note: Amounts for 2005 and prior have been restated to reflect a change in accounting principles and/or prior period adjustments.



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Expenses</b>						
Governmental activities:						
Instruction:						
Regular	\$ 13,050,129	\$ 13,350,039	\$ 12,507,709	\$ 11,997,416	\$ 11,354,919	\$ 6,732,218
Special	3,496,076	3,117,764	3,189,411	3,015,213	2,992,102	2,938,803
Vocational	356,268	507,790	223,699	272,121	254,075	339,407
Other instructional	25,934	30,999	-	-	-	-
Support services:						
Pupil	1,698,202	1,741,857	1,638,968	1,455,209	1,372,246	1,441,604
Instructional staff	674,629	1,231,668	906,393	843,360	715,646	1,197,071
Board of education	23,938	231,170	22,850	29,123	130,178	20,275
Administration	1,451,888	1,626,494	1,518,691	1,495,752	1,268,525	2,374,172
Fiscal	821,449	836,877	664,869	630,446	676,445	799,415
Business	392,739	387,559	478,341	327,517	481,778	1,052,019
Operations and maintenance	3,366,885	3,369,609	3,344,093	3,010,065	2,725,763	2,967,923
Pupil transportation	1,277,514	1,248,582	1,410,415	1,050,482	852,648	896,795
Central	697,162	936,664	594,391	635,583	648,400	2,303,118
Operation of non-instructional services	138,081	143,006	1,301,536	1,352,962	1,244,624	1,196,061
Extracurricular activities	951,808	743,811	1,253,542	926,228	812,311	808,624
Intergovernmental pass-through	1,153,747	1,344,228	-	-	-	-
Interest and fiscal charges	1,325,848	1,474,379	1,411,684	1,458,885	1,510,459	1,585,232
Total governmental activities expenses	<u>30,902,297</u>	<u>32,322,496</u>	<u>30,466,592</u>	<u>28,500,362</u>	<u>27,040,119</u>	<u>26,652,737</u>
Business-type activities:						
Food service	454,896	468,612	459,559	442,704	425,612	403,527
Uniform school supplies	22,860	32,643	21,370	25,223	22,444	25,404
Community programs	334,881	334,067	303,886	290,065	253,247	334,427
Total business-type activities expenses	<u>812,637</u>	<u>835,322</u>	<u>784,815</u>	<u>757,992</u>	<u>701,303</u>	<u>763,358</u>
Total primary government expenses	<u>\$ 31,714,934</u>	<u>\$ 33,157,818</u>	<u>\$ 31,251,407</u>	<u>\$ 29,258,354</u>	<u>\$ 27,741,422</u>	<u>\$ 27,416,095</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CHANGES IN NET ASSETS - (Continued)  
LAST SIX FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

<b>Program Revenues</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Governmental activities:</b>						
Charges for services:						
Instruction:						
Regular	\$ 222,426	\$ 245,703	\$ 152,570	\$ -	\$ 345,856	\$ 222,513
Special	-	-	-	157,949	-	-
Support services:						
Pupil	-	-	39,731	101,077	46,112	23,664
Instructional staff	-	-	119,609	-	-	-
Operations and maintenance	220,420	435,848	146,517	145,753	54,378	150,996
Extracurricular activities	161,421	200,644	230,704	237,144	211,870	160,418
Operating grants and contributions:						
Instruction:						
Regular	116,214	128,139	118,397	58,030	83,808	83,746
Special	565,052	504,261	341,721	414,167	214,180	205,303
Vocational	595	-	-	-	-	-
Support services:						
Pupil	125,889	86,261	35,173	46,345	44,263	22,158
Instructional staff	49,684	75,560	28,369	52,201	15,015	14,770
Administration	521	-	-	-	-	-
Pupil transportation	1,278	-	-	-	-	-
Central	8,907	8,302	9,493	9,387	9,122	21,618
Operation of non-instructional services	144,535	134,536	1,319,171	1,189,099	1,241,607	1,139,879
Extracurricular activities	5,212	4,119	58,087	55,356	5,589	-
Intergovernmental pass-through	1,341,412	1,279,995	-	-	-	-
Capital grants and contributions:						
Instruction:						
Regular	-	22,575	12,000	49,190	22,700	70,102
Support services:						
Pupil transportation	-	-	-	15,611	16,623	17,637
Operation of non-instructional services	-	-	-	-	-	36,569
<b>Total governmental program revenues</b>	<b>2,963,566</b>	<b>3,125,943</b>	<b>2,611,542</b>	<b>2,531,309</b>	<b>2,311,123</b>	<b>2,169,373</b>
<b>Business-type activities:</b>						
Charges for services:						
Food service	388,335	375,545	353,749	370,478	356,716	362,545
Uniform school supplies	27,041	27,622	25,147	26,951	23,881	26,682
Community programs	298,381	301,436	272,209	279,325	215,939	186,234
Operating grants and contributions	89,299	96,418	78,887	68,293	64,113	59,535
<b>Total business-type activities program revenues</b>	<b>803,056</b>	<b>801,021</b>	<b>729,992</b>	<b>745,047</b>	<b>660,649</b>	<b>634,996</b>
<b>Total primary government program revenue</b>	<b>\$ 3,766,622</b>	<b>\$ 3,926,964</b>	<b>\$ 3,341,534</b>	<b>\$ 3,276,356</b>	<b>\$ 2,971,772</b>	<b>\$ 2,804,369</b>
<b>Net (Expense)/Revenue</b>						
Governmental activities	(27,938,731)	(29,196,553)	(27,855,050)	(25,969,053)	(24,728,996)	(24,483,364)
Business-type activities	(9,581)	(34,301)	(54,823)	(12,945)	(40,654)	(128,362)
<b>Total primary government net expense</b>	<b>\$ (27,948,312)</b>	<b>\$ (29,230,854)</b>	<b>\$ (27,909,873)</b>	<b>\$ (25,981,998)</b>	<b>\$ (24,769,650)</b>	<b>\$ (24,611,726)</b>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CHANGES IN NET ASSETS - (Continued)  
LAST SIX FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Property taxes levied for:						
General purposes	\$ 21,672,596	\$ 17,833,031	\$ 20,408,336	\$ 16,560,615	\$ 18,808,983	\$ 16,754,585
Debt service	2,724,776	2,622,588	2,909,441	2,437,060	3,393,332	3,231,309
Grants and entitlements not restricted to specific programs	4,439,789	4,443,667	4,432,768	4,264,539	4,043,817	3,831,578
Investment earnings	253,614	174,957	94,157	160,029	412,505	988,182
Gain on sale of capital assets	-	5,942	-	-	-	6,016
Miscellaneous	185,323	154,951	5,801	54,874	52,078	153,417
Transfers	-	-	-	-	-	(54,000)
<b>Total governmental activities</b>	<u>29,276,098</u>	<u>25,235,136</u>	<u>27,850,503</u>	<u>23,477,117</u>	<u>26,710,715</u>	<u>24,911,087</u>
Business-type activities:						
Investment earnings	3,197	-	898	1,515	2,602	5,414
Miscellaneous	8,970	5,662	3,878	2,667	4,594	43,014
Transfers	-	-	-	-	-	54,000
<b>Total business-type activities</b>	<u>12,167</u>	<u>5,662</u>	<u>4,776</u>	<u>4,182</u>	<u>7,196</u>	<u>102,428</u>
<b>Total primary government</b>	<u>\$ 29,288,265</u>	<u>\$ 25,240,798</u>	<u>\$ 27,855,279</u>	<u>\$ 23,481,299</u>	<u>\$ 26,717,911</u>	<u>\$ 25,013,515</u>
<b>Change in Net Assets</b>						
Governmental activities	1,337,367	(3,961,417)	(4,547)	(2,491,936)	1,981,719	427,723
Business-type activities	2,586	(28,639)	(50,047)	(8,763)	(33,458)	(25,934)
<b>Total primary government</b>	<u>\$ 1,339,953</u>	<u>\$ (3,990,056)</u>	<u>\$ (54,594)</u>	<u>\$ (2,500,699)</u>	<u>\$ 1,948,261</u>	<u>\$ 401,789</u>

**Source:** School District financial records.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004 (1)</u>	<u>2003</u>
General Fund:				
Reserved	\$ 2,509,215	\$ 2,959,435	\$ 3,916,515	\$ 2,758,577
Unreserved	<u>(3,106,077)</u>	<u>(3,714,265)</u>	<u>3,235</u>	<u>1,050,818</u>
Total general fund	<u>\$ (596,862)</u>	<u>\$ (754,830)</u>	<u>\$ 3,919,750</u>	<u>\$ 3,809,395</u>
All Other Governmental Funds:				
Reserved	\$ 3,223,074	\$ 3,142,625	\$ 1,271,044	\$ 926,268
Unreserved, reported in:				
Special revenue funds	288,723	101,848	190,557	164,196
Capital projects funds	(336,449)	(419,205)	(787,440)	947,189
Debt service funds	<u>-</u>	<u>-</u>	<u>2,595,902</u>	<u>2,488,390</u>
Total all other governmental funds	<u>\$ 3,175,348</u>	<u>\$ 2,825,268</u>	<u>\$ 3,270,063</u>	<u>\$ 4,526,043</u>
Total governmental funds	<u>\$ 2,578,486</u>	<u>\$ 2,070,438</u>	<u>\$ 7,189,813</u>	<u>\$ 8,335,438</u>

**Source:** School District financial records.

(1) Amount has been restated to reflect a change in accounting principles and/or prior period adjustments.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 4,395,473	\$ 2,848,735	\$ 2,416,811	\$ 2,560,914	\$ 2,361,784	\$ 1,838,261
<u>1,290,213</u>	<u>1,493,764</u>	<u>1,017,454</u>	<u>1,872,480</u>	<u>701,252</u>	<u>166,925</u>
<u>\$ 5,685,686</u>	<u>\$ 4,342,499</u>	<u>\$ 3,434,265</u>	<u>\$ 4,433,394</u>	<u>\$ 3,063,036</u>	<u>\$ 2,005,186</u>
\$ 1,361,732	\$ 1,150,679	\$ 4,249,336	\$ 15,623,120	\$ 472,554	\$ 129,345
333,755	165,748	225,992	198,534	196,318	89,413
1,310,726	1,614,950	2,936,160	4,926,238	23,613,534	249,615
<u>2,317,805</u>	<u>2,285,147</u>	<u>2,218,465</u>	<u>2,207,393</u>	<u>1,789,935</u>	<u>315,264</u>
<u>\$ 5,324,018</u>	<u>\$ 5,216,524</u>	<u>\$ 9,629,953</u>	<u>\$ 22,955,285</u>	<u>\$ 26,072,341</u>	<u>\$ 783,637</u>
<u>\$ 11,009,704</u>	<u>\$ 9,559,023</u>	<u>\$ 13,064,218</u>	<u>\$ 27,388,679</u>	<u>\$ 29,135,377</u>	<u>\$ 2,788,823</u>

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004 (1)</u>	<u>2003</u>
<b>Revenues</b>				
From local sources:				
Taxes	\$ 24,240,672	\$ 20,851,323	\$ 23,364,027	\$ 19,029,507
Tuition	117,209	132,903	257,255	235,612
Charges for services	-	-	119,609	101,077
Earnings on investments	257,199	171,372	94,157	160,029
Extracurricular	161,421	200,644	165,750	159,481
Classroom materials and fees	18,354	13,595	-	-
Contributions and donations	82,263	39,420	92,997	84,382
Rentals	165,420	165,848	146,517	145,753
Other local revenues	272,186	254,156	5,801	54,874
Intergovernmental - State	5,818,963	5,828,143	6,310,864	6,050,505
Intergovernmental - Federal	897,862	820,849	-	-
Total revenues	<u>32,031,549</u>	<u>28,478,253</u>	<u>30,556,977</u>	<u>26,021,220</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	12,449,859	12,993,678	11,947,488	10,552,236
Special	3,427,201	3,203,256	2,802,837	2,885,559
Vocational	351,372	481,957	223,699	272,121
Other	24,803	26,928	-	-
Current:				
Pupil	1,671,187	1,656,203	1,431,489	1,355,789
Instructional staff	723,752	1,096,046	849,848	787,712
Board of education	22,987	229,603	23,573	28,340
Administration	1,371,377	1,473,548	1,393,006	1,370,287
Fiscal	793,486	792,747	674,754	622,920
Business	370,679	381,943	435,357	325,115
Operations and maintenance	3,220,950	3,083,886	3,030,354	2,775,288
Pupil transportation	1,138,481	1,153,653	1,071,030	1,046,926
Central	638,532	873,912	631,871	691,370
Operation of non-instructional services	142,786	139,218	1,316,648	1,352,924
Extracurricular activities	928,085	1,057,464	953,534	913,470
Intergovernmental pass-through	1,154,008	1,366,841	-	-
Facilities acquisitions and construction	9,683	510,675	-	-
Capital outlay	-	229,845	1,882,525	658,375
Debt service:				
Principal retirement	1,999,419	1,902,967	1,780,000	1,729,348
Interest and fiscal charges	1,084,854	1,179,045	1,254,589	1,327,706
Advance refunding escrow	-	-	-	-
Total expenditures	<u>31,523,501</u>	<u>33,833,415</u>	<u>31,702,602</u>	<u>28,695,486</u>
Excess of revenues over (under) expenditures	508,048	(5,355,162)	(1,145,625)	(2,674,266)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	1,324	33,668	56,061
Transfers (out)	-	(1,324)	(33,668)	(56,061)
Proceeds of capital lease transaction	-	-	-	-
Sale of assets	-	5,942	-	-
Issuance of bonds	-	-	-	-
Payment to refunded bond escrow	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>235,787</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 508,048</u>	<u>\$ (5,119,375)</u>	<u>\$ (1,145,625)</u>	<u>\$ (2,674,266)</u>
Debt service as a percentage of expenditures	9.78%	9.11%	9.57%	10.65%

**Source:** School District financial records.

(1) Amount has been restated to reflect a change in accounting principles and/or prior period adjustments.

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$	21,845,773	\$ 19,429,224	\$ 17,528,574	\$ 17,870,012	\$ 16,467,679	\$ 14,499,578
	237,665	165,032	112,045	76,811	13,264	13,793
	57,811	50,026	47,832	50,087	56,614	46,047
	412,505	988,182	1,214,158	1,563,215	845,453	284,372
	211,870	160,418	262,935	262,331	124,990	145,894
	-	-	-	-	-	-
	49,022	23,664	35,959	27,003	39,183	36,474
	150,870	158,451	123,469	187,461	112,629	97,041
	52,078	153,417	211,474	32,622	265,900	70,679
	5,617,061	5,443,360	5,016,095	4,628,860	4,029,928	3,687,964
	-	-	-	-	-	-
	<u>28,634,655</u>	<u>26,571,774</u>	<u>24,552,541</u>	<u>24,698,402</u>	<u>21,955,640</u>	<u>18,881,842</u>
	10,010,024	9,308,947	9,268,400	8,459,144	7,950,195	7,355,799
	2,554,350	2,471,026	2,328,681	1,991,345	1,528,259	1,400,414
	251,032	339,407	207,541	212,924	235,534	160,703
	-	-	-	-	16,265	12,738
	1,317,073	1,247,248	1,134,765	1,022,499	968,485	974,353
	730,385	713,446	760,082	697,115	669,842	648,130
	24,156	20,275	18,970	28,064	31,735	29,835
	1,246,165	1,110,961	1,152,030	972,060	1,033,329	1,036,815
	683,643	610,468	980,260	487,768	674,243	507,119
	284,907	290,860	264,947	229,784	203,369	227,293
	2,632,355	2,445,296	2,474,137	2,250,286	2,286,880	2,238,259
	871,363	932,466	896,073	747,354	727,042	840,714
	667,325	444,069	636,378	654,245	496,005	625,198
	1,202,083	1,209,458	1,025,094	970,837	779,568	909,511
	747,362	773,846	786,259	676,017	775,184	670,426
	-	-	-	17,011	-	-
	-	-	-	-	-	-
	630,039	4,767,246	13,603,085	4,067,863	1,288,412	179,082
	1,922,867	1,851,461	1,785,125	1,323,857	265,000	1,165,000
	1,408,845	1,492,505	1,571,256	1,636,927	847,047	376,767
	-	-	-	-	-	500,000
	<u>27,183,974</u>	<u>30,028,985</u>	<u>38,893,083</u>	<u>26,445,100</u>	<u>20,776,394</u>	<u>19,858,156</u>
	1,450,681	(3,457,211)	(14,340,542)	(1,746,698)	1,179,246	(976,314)
	71,778	-	9,425	148,456	-	-
	(71,778)	(54,000)	(9,425)	(148,456)	-	-
	-	-	-	-	132,658	-
	-	6,016	16,081	-	7,060	14,000
	-	-	-	-	25,027,590	11,175,668
	-	-	-	-	-	(11,075,836)
	-	(47,984)	16,081	-	25,167,308	113,832
\$	<u>1,450,681</u>	<u>(3,505,195)</u>	<u>(14,324,461)</u>	<u>(1,746,698)</u>	<u>26,346,554</u>	<u>(862,482)</u>
	12.26%	11.14%	8.63%	11.20%	5.35%	10.28%

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS

Collection Year	Real Property		Tangible Personal Property		Public Utility	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2006	\$ 655,102,590	\$ 1,871,721,686	\$ 13,668,520	\$ 59,428,348	\$ 9,304,440	\$ 10,573,227
2005	666,296,240	1,903,703,543	15,226,500	66,202,174	10,341,880	11,752,136
2004	663,153,590	1,894,724,543	18,767,823	78,199,263	10,150,730	11,534,920
2003	604,957,220	1,728,449,200	20,434,063	81,736,252	10,146,330	11,529,920
2002	610,185,370	1,743,386,771	22,528,229	90,112,916	10,476,890	11,905,557
2001 (2)	601,385,550	1,718,244,429	21,603,344	86,413,376	13,190,950	14,989,716
2000	524,675,910	1,499,074,029	21,160,548	84,642,192	12,877,130	14,633,102
1999	520,815,150	1,488,043,286	22,236,921	88,947,684	14,147,550	16,076,761
1998 (3)	517,522,350	1,478,635,286	20,997,223	83,988,892	14,559,700	16,545,114
1997	474,869,360	1,356,769,600	21,196,321	84,785,284	15,216,930	17,291,966

**Source:** Cuyahoga County Auditor's Office

(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.

Capital assets for tangible personal property is assessed at twenty-five percent of actual value.

Inventory for tangible personal property is assessed at twenty-three percent of actual value.

(2) Reappraisal of property values.

(3) Triennial update of property values.



**Total**

---

<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>%</b>
\$ 678,075,550	\$ 1,941,723,261	34.92%
691,864,620	1,981,657,853	34.91%
692,072,143	1,984,458,726	34.87%
635,537,613	1,821,715,372	34.89%
643,190,489	1,845,405,244	34.85%
636,179,844	1,819,647,520	34.96%
558,713,588	1,598,349,323	34.96%
557,199,621	1,593,067,731	34.98%
553,079,273	1,579,169,291	35.02%
511,282,611	1,458,846,850	35.05%

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(RATE PER \$1,000 OF ASSESSED VALUE)  
LAST TEN YEARS

Tax Year/ Collection Year	Overlapping Rates			Direct Rates			
	County	Library	City	Voted		Unvoted	Total
				General	Bond		
2005/2006	\$ 18.30	\$ 6.10	\$ 10.90	\$ 67.70	\$ 4.73	\$ 4.57	\$ 77.00
2004/2005	18.30	6.10	10.90	62.80	4.63	4.57	72.00
2003/2004	18.00	4.70	9.90	62.80	4.63	4.57	72.00
2002/2003	16.20	4.70	9.90	62.80	5.03	4.57	72.40
2001/2002	16.20	4.70	9.90	57.90	5.03	4.57	67.50
2000/2001	16.20	4.70	9.90	57.90	5.53	4.57	68.00
1999/2000	15.30	4.70	9.90	57.90	6.13	4.57	68.60
1998/1999	15.30	3.80	9.90	54.00	6.13	4.57	64.70
1997/1998	16.60	3.80	9.90	54.00	5.83	4.57	64.40
1996/1997	16.60	3.80	9.90	54.00	2.33	4.57	60.90

Source: Cuyahoga County Auditor's Office

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

PRINCIPAL TAXPAYERS  
REAL ESTATE TAX  
DECEMBER 31, 2005 AND DECEMBER 31, 1996

<b>December 31, 2005</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Real Estate Assessed Value</b>
Westgate Mall, LLC	\$ 7,237,690	1	1.10%
Westwood Towne Center Inc.	5,447,130	2	0.83%
Normandy Associates, Ltd.	4,410,020	3	0.67%
Presidential Apartments, Ltd.	4,057,450	4	0.62%
Spielberger, John D	3,258,680	5	0.50%
Linden Apartments Company	2,695,000	6	0.41%
Rockport Associates Co., Ltd.	2,642,380	7	0.40%
SRK Perrysburg Assoc., LLC	2,496,140	8	0.38%
W & F Realty Co.	2,449,880	9	0.37%
Gross Management, Inc.	2,240,010	10	0.34%
Total	\$ 36,934,380		5.63%
Total Real Estate Valuation	\$ 655,102,590		

<b>December 31, 1996</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Real Estate Assessed Value</b>
Westgate Joint Venture	\$ 13,904,890	1	2.93%
Rocky River Shopping	4,300,560	2	0.91%
Normandy Associates, Ltd.	4,207,570	3	0.89%
Presidential Apartments, Ltd.	3,377,510	4	0.71%
Rockport Associates Co., Ltd.	2,607,010	5	0.55%
Gross Management, Inc.	2,479,750	6	0.52%
Higbee Co.	2,450,000	7	0.52%
Linden Apartments Co.	2,308,250	8	0.49%
Harbor Court, Ltd.	1,798,690	9	0.38%
MBL Life Assurance Co.	1,717,450	10	0.36%
Total	\$ 39,151,680		8.24%
Total Real Estate Valuation	\$ 474,869,360		

Source: Cuyahoga County Auditor's Office

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

PRINCIPAL TAXPAYERS  
TANGIBLE PERSONAL PROPERTY TAX  
DECEMBER 31, 2005 AND DECEMBER 31, 1996

<b>December 31, 2005</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Tangible Assessed Value</b>
Riser Foods Company	\$ 1,312,400	1	9.60%
Higbee Co.	934,890	2	6.84%
Home Depot USA Inc.	901,030	3	6.59%
Target Corp.	502,060	4	3.67%
Walgreen Corporation	495,650	5	3.63%
Cox Communications Inc.	415,850	6	3.04%
Marc Glassman, Inc.	397,740	7	2.91%
Kohls Department Stores Inc.	375,010	8	2.74%
Sygenta Crop Protection Inc.	252,540	9	1.85%
Heinen's Inc.	236,960	10	1.73%
<b>Total</b>	<b>\$ 5,824,130</b>		<b>42.60%</b>
<b>Total Tangible Assessed Valuation</b>	<b>\$ 13,668,520</b>		

<b>December 31, 1996</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Tangible Assessed Value</b>
Higbee Co.	\$ 5,304,850	1	25.03%
Rini Rego Supermarkets, Inc.	1,118,590	2	5.28%
Builders Square, Inc.	792,500	3	3.74%
Lesco, Inc.	559,680	4	2.64%
New Cox Cable, Cleveland	506,067	5	2.39%
Handy Andy Home Improvement Centers, Inc.	464,110	6	2.19%
Marc Glassman, Inc.	360,050	7	1.70%
OfficeMax, Inc.	273,650	8	1.29%
Rite Aide of Ohio, Inc.	239,150	9	1.13%
Dialamerica Marketing, Inc.	220,340	10	1.04%
<b>Total</b>	<b>\$ 9,838,987</b>		<b>46.42%</b>
<b>Total Tangible Assessed Valuation</b>	<b>21,196,321</b>		

Source: Cuyahoga County Auditor's Office

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

PRINCIPAL TAXPAYERS  
PUBLIC UTILITIES REAL AND TANGIBLE PROPERTY TAX  
DECEMBER 31, 2005 AND DECEMBER 31, 1996

<b>December 31, 2005</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Public Utility Assessed Value</b>
Cleveland Electric Illuminating Company	\$ 4,343,720	1	46.68%
Ohio Bell Telephone Company	2,384,820	2	25.63%
East Ohio Gas Company	707,460	3	7.60%
American Transmission Systems Company	460,860	4	4.95%
Total	\$ 7,896,860		84.86%
Total Public Utility Assessed Valuation	\$ 9,304,440		

<b>December 31, 1996</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Public Utility Assessed Value</b>
Cleveland Electric Illuminating Company	\$ 7,035,870	1	46.24%
Ohio Bell Telephone Company	5,772,380	2	37.93%
East Ohio Gas Company	1,945,510	3	12.79%
Norfolk Southern Railroad	190,190	4	1.25%
Total	\$ 14,943,950		98.21%
Total Public Utility Assessed Value	15,216,930		

**Source:** Cuyahoga County Auditor's Office

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Tax Year/ Collection Year</b>	<b>Current Levy</b>	<b>Delinquent Levy</b>	<b>Total Levy</b>	<b>Current Collection</b>	<b>Percent of Current Levy Collected</b>
2005/2006	\$ 25,290,081	\$ 926,743	\$ 26,216,824	\$ 24,113,013	95.35%
2004/2005	25,109,123	1,070,529	26,179,652	23,985,396	95.52%
2003/2004	24,772,327	1,521,061	26,293,388	24,182,240	97.62%
2002/2003	21,942,966	1,704,967	23,647,933	21,209,241	96.66%
2001/2002	22,372,013	1,309,954	23,681,967	21,772,318	97.32%
2000/2001	21,734,779	701,301	22,436,080	21,407,883	98.50%
1999/2000	19,446,461	919,915	20,366,376	18,924,826	97.32%
1998/1999	19,225,206	1,112,513	20,337,719	18,730,169	97.43%
1997/1998	16,831,137	1,075,158	17,906,295	16,276,398	96.70%
1996/1997	15,555,703	1,033,787	16,589,490	15,233,043	97.93%

Source: Cuyahoga County Auditor's Office

<u>Delinquent Collection</u>	<u>Total Collection</u>	<u>Total Collection As a Percent of Total Levy</u>
\$ 493,234	\$ 24,606,247	93.86%
593,588	24,578,984	93.89%
698,404	24,880,644	94.63%
767,998	21,977,239	92.94%
446,303	22,218,621	93.82%
208,654	21,616,537	96.35%
597,807	19,522,633	95.86%
606,605	19,336,774	95.08%
249,068	16,525,466	92.29%
262,991	15,496,034	93.41%

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>(a) Total Primary Government</b>	<b>(b) Per Capita</b>	<b>(b) Per ADM</b>
	<b>General Obligation Bonds</b>	<b>Capital Leases</b>			
2006	\$ 21,865,363	\$ 142,459	\$ 22,007,822	\$ 1,080	\$ 8,336
2005	23,575,348	186,878	23,762,226	1,146	9,059
2004	25,148,563	-	25,148,563	1,213	9,680
2003	26,765,768	-	26,765,768	1,291	10,394
2002	28,328,371	29,348	28,357,719	1,368	11,266
2001	30,162,928	57,215	30,220,143	1,457	12,295
2000	31,881,394	83,676	31,965,070	1,566	13,335
1999	33,551,477	108,801	33,660,278	1,649	14,379
1998	34,775,591	132,658	34,908,249	1,710	15,774
1997	10,476,539	-	10,476,539	513	4,835

**Sources:**

(a) See notes to the financial statements regarding the District's outstanding debt information.

(b) See schedule " Demographic and Economic Statistic, Last Ten Years" for personal income, population and enrollment information.



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>		<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Total</b>		
2006	\$ 21,865,363	\$ 21,865,363	1.13%	\$ 1,073
2005	23,575,348	23,575,348	1.19%	1,137
2004	25,148,563	25,148,563	1.27%	1,213
2003	26,765,768	26,765,768	1.47%	1,291
2002	28,328,371	28,328,371	1.54%	1,366
2001	30,162,928	30,162,928	1.66%	1,455
2000	31,881,394	31,881,394	1.99%	1,562
1999	33,551,477	33,551,477	2.11%	1,644
1998	34,775,591	34,775,591	2.20%	1,704
1997	10,476,539	10,476,539	0.72%	513

**Note:** Details regarding the District's outstanding debt can be found in the notes to the financial statements.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Rocky River City School District	\$ 21,089,128	100.00%	\$ 21,089,128
Overlapping debt:			
City of Rocky River	22,625,000	96.89%	21,921,363
Cuyahoga County	231,365,971	2.21%	5,113,188
Regional Transit Authority	139,790,000	2.21%	3,089,359
City of Fairview Park	<u>25,115,000</u>	3.10%	<u>778,565</u>
 Total direct and overlapping debt	 <u><u>\$ 439,985,099</u></u>		 <u><u>\$ 51,991,602</u></u>

**Source:** Ohio Municipal Advisory Council

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Voted Debt Limit</b>	<b>Total Debt Applicable to Limit</b>	<b>Debt Service Available Balance</b>	<b>Net Debt Applicable to Limit</b>	<b>Voted Legal Debt Margin</b>	<b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>
2006	\$ 61,026,800	\$ 21,865,363	\$ 3,054,434	\$ 18,810,929	\$ 42,215,871	30.82%
2005	62,267,816	23,575,348	3,062,031	20,513,317	41,754,499	32.94%
2004	62,286,493	25,148,563	3,064,003	22,084,560	40,201,933	35.46%
2003	57,198,385	26,765,768	2,806,234	23,959,534	33,238,851	41.89%
2002	57,887,144	28,328,371	3,006,437	25,321,934	32,565,210	43.74%
2001	57,256,186	30,162,928	2,594,000	27,568,928	29,687,258	48.15%
2000	50,284,223	31,881,394	2,418,709	29,462,685	20,821,538	58.59%
1999	50,147,966	33,551,477	2,582,292	30,969,185	19,178,781	61.76%
1998	49,777,135	34,775,591	2,127,551	32,648,040	17,129,095	65.59%
1997	46,015,435	10,476,539	397,202	10,079,337	35,936,098	21.90%

**Source:** Cuyahoga County Auditor and District financial records

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.

Voted Debt Margins are determined without reference to applicable monies in the District's debt service fund.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rates</u>		
					<u>Cuyahoga County</u>	<u>Ohio</u>	<u>United States</u>
2006	20,375	\$ 34,663	44.2	2,640	4.8%	5.1%	4.4%
2005	20,735	N/A	N/A	2,623	6.1%	5.9%	5.0%
2004	20,735	N/A	N/A	2,598	6.2%	5.7%	5.1%
2003	20,735	N/A	N/A	2,575	6.2%	5.5%	5.7%
2002	20,735	N/A	N/A	2,517	5.6%	5.3%	6.0%
2001	20,735	N/A	N/A	2,458	4.4%	4.8%	5.8%
2000	20,410	N/A	N/A	2,397	4.1%	3.9%	4.0%
1999	20,410	N/A	N/A	2,341	4.4%	4.0%	4.1%
1998	20,410	N/A	N/A	2,213	4.3%	4.3%	4.5%
1997	20,410	N/A	N/A	2,167	4.7%	4.6%	4.9%

(1 & 2) U. S. Census Bureau

(3) District records

N/A - Data Not Accessible

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

PRINCIPAL EMPLOYERS  
RANKED BY DOLLAR AMOUNT OF INCOME TAX REMITTANCES  
CURRENT YEAR

<u>Employer</u>	<u>December 31, 2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment per Number of Employees</u>
Rocky River City School District	601	1	3.45%
City of Rocky River	679	2	3.89%
McDonald & Company Securities	* 46	3	0.26%
Ultimate Warranty Corp.	* 64	4	0.37%
Cuyahoga County Auditor	279	5	1.60%
Normandy LTD	337	6	1.93%
Premier Physicians Group	* 134	7	0.77%
Riser Foods	256	8	1.47%
Magnificat High School	201	9	1.15%
Dawson Insurance Inc.	28	10	0.16%
Total	<u>2,625</u>		<u>15.05%</u>

**Source:** City of Rocky River; City of Cleveland - Central Collection Agency; U.S. Census Bureau

\* Number of employees listed for these employers were as of December 31, 2004, which was the latest data available.

Note: Information for ten years ago were not available.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**STAFFING STATISTICS  
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION  
LAST TEN FISCAL YEARS**

<u>Type</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Professional Staff:										
Teaching Staff:										
Elementary	27.75	28.10	28.10	28.10	N/A	N/A	N/A	N/A	N/A	N/A
Intermediate	32.76	34.57	34.82	33.94	N/A	N/A	N/A	N/A	N/A	N/A
Middle	37.16	37.53	38.35	38.45	N/A	N/A	N/A	N/A	N/A	N/A
High	50.93	50.78	49.93	49.93	N/A	N/A	N/A	N/A	N/A	N/A
Tutors	17.94	15.89	13.66	14.55	N/A	N/A	N/A	N/A	N/A	N/A
Others	2.00	2.00	2.00	2.00	N/A	N/A	N/A	N/A	N/A	N/A
Administration	16.00	16.00	16.00	16.00	N/A	N/A	N/A	N/A	N/A	N/A
Auxiliary Positions:										
Counselors	7.00	7.00	7.00	7.00	N/A	N/A	N/A	N/A	N/A	N/A
Speech	2.80	2.80	2.80	2.80	N/A	N/A	N/A	N/A	N/A	N/A
Mental Health Specialists	*	*	*	*	N/A	N/A	N/A	N/A	N/A	N/A
Support Staff:										
Secretarial	30.20	29.20	30.20	29.20	N/A	N/A	N/A	N/A	N/A	N/A
Aides	20.12	19.40	18.80	19.61	N/A	N/A	N/A	N/A	N/A	N/A
Learning Assistants	6.86	6.73	7.68	5.76	N/A	N/A	N/A	N/A	N/A	N/A
Lunch and Hall Monitors/Security	5.31	5.20	4.90	4.90	N/A	N/A	N/A	N/A	N/A	N/A
Cooks/Food Service	5.88	4.60	5.10	4.66	N/A	N/A	N/A	N/A	N/A	N/A
Custodial	21.46	21.86	19.85	19.87	N/A	N/A	N/A	N/A	N/A	N/A
Maintenance	7.00	7.00	8.00	8.00	N/A	N/A	N/A	N/A	N/A	N/A
Bus Driver	12.58	10.77	11.83	11.89	N/A	N/A	N/A	N/A	N/A	N/A
Mechanics	2.00	2.00	2.00	2.00	N/A	N/A	N/A	N/A	N/A	N/A
Athletic Trainer	*	0.70	0.70	0.70						
Other Central Support	1.17	1.17	1.17	1.17	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>306.92</b>	<b>303.30</b>	<b>302.89</b>	<b>300.53</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<u>Function</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Instruction:										
Regular	136.70	139.28	140.25	139.72	N/A	N/A	N/A	N/A	N/A	N/A
Special	48.18	47.83	48.28	46.07	N/A	N/A	N/A	N/A	N/A	N/A
Vocational	**	**	**	**	N/A	N/A	N/A	N/A	N/A	N/A
Other	18.05	14.89	12.51	13.25	N/A	N/A	N/A	N/A	N/A	N/A
Support Services:										
Pupil	8.00	8.00	8.00	8.00	N/A	N/A	N/A	N/A	N/A	N/A
Instructional staff	12.00	12.00	12.00	12.00	N/A	N/A	N/A	N/A	N/A	N/A
Administration	18.00	18.00	18.00	18.00	N/A	N/A	N/A	N/A	N/A	N/A
Fiscal	4.20	4.20	4.20	4.20	N/A	N/A	N/A	N/A	N/A	N/A
Business	1.00	1.00	1.00	1.00	N/A	N/A	N/A	N/A	N/A	N/A
Operations and maintenance	30.46	30.86	29.85	29.87	N/A	N/A	N/A	N/A	N/A	N/A
Pupil transportation	16.58	14.77	15.83	15.89	N/A	N/A	N/A	N/A	N/A	N/A
Central	4.17	4.17	4.17	4.17	N/A	N/A	N/A	N/A	N/A	N/A
Food Service Operations	6.88	5.60	6.10	5.66	N/A	N/A	N/A	N/A	N/A	N/A
Extracurricular activities	2.70	2.70	2.70	2.70	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>306.92</b>	<b>303.30</b>	<b>302.89</b>	<b>300.53</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Source: School District records

\* These services were contracted out to a third party in lieu of being provided by a staff member

\*\* These services were contracted out through the Lakewood City School District as part of a career technical planning district that includes the Districts of Rocky River, Lakewood, Westlake and Bay Village

N/A - Information Not Accessible

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>Instruction:</b>										
Regular, Special and Vocational										
Enrollment (students)	2,640	2,623	2,598	2,575	2,517	2,458	2,397	2,341	2,213	2,167
Graduation Count	186	199	202	190	145	183	165	180	160	158
Graduation Rate	98.00%	98.00%	95.30%	95.00%	94.80%	97.30%	96.50%	96.30%	95.80%	98.10%
Student attendance rate	96.60%	96.30%	96.50%	96.40%	96.30%	95.50%	95.50%	95.30%	95.60%	95.80%
<b>Support services:</b>										
<b>Board of education</b>										
Regular meetings per year (based on calendar year)	22	22	22	22	22	22	22	22	22	22
Special meetings per year (based on calendar year)	6	4	7	5	3	2	4	3	10	6
<b>Administration</b>										
Teacher attendance rate	95.40%	95.70%	95.90%	96.60%	96.20%	96.50%	96.60%	94.40%	95.70%	N/A
<b>Fiscal</b>										
Nonpayroll checks issued	4,533	5,369	5,279	5,468	5,339	5,681	5,966	N/A	N/A	N/A
Payroll checks/direct deposits issued	10,891	11,305	11,013	10,850	10,584	10,541	10,314	N/A	N/A	N/A
<b>Operations and maintenance</b>										
Work orders completed	* 1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Square footage maintained	451,773	451,773	451,773	451,773	451,773	451,773	451,773	441,053	441,053	441,053
<b>Pupil transportation</b>										
Avg. students transported daily	1,366	1,497	1,549	1,525	1,421	1,406	1,454	1,430	N/A	N/A
<b>Food service operations</b>										
Meals served to students	112,953	109,467	106,170	98,199	92,627	94,306	82,361	N/A	N/A	N/A
Milk served to students	** 60,888	60,797	59,270	58,251	53,579	51,933	48,694	N/A	N/A	N/A
Percentage of students receiving free/reduced cost meals	12.45%	10.02%	8.95%	9.56%	5.02%	6.95%	8.46%	N/A	N/A	N/A

**Source:** District records

\* Approximately 11,000 formal work orders have been processed by the District's facilities department over the last ten years, which averages out to 1,100 per year. In addition to processing these work orders, the facilities department processes numerous routine maintenance-type jobs as well as emergency requests that would not be tracked through a formal work order.

\*\* The District does not operate a lunch program for its two elementary buildings, but does serve milk to these students in these buildings

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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CAPITAL ASSET STATISTICS  
LAST SIX FISCAL YEARS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Land	\$ 722,230	\$ 722,230	\$ 722,230	\$ 722,230	\$ 722,230	\$ 722,230
Construction in progress	-	-	108,213	-	-	-
Land improvements	1,698,598	1,711,678	920,719	969,461	1,014,454	1,374,792
Building/improvements	24,879,954	30,093,136	31,415,477	32,183,211	33,538,235	34,913,837
Furniture/equipment	653,439	1,044,361	883,709	885,349	970,586	957,090
Vehicles	379,697	531,159	599,027	452,940	457,069	449,321
 Total Governmental Activities Capital Assets, net	 <u>\$ 28,333,918</u>	 <u>\$ 34,102,564</u>	 <u>\$ 34,649,375</u>	 <u>\$35,213,191</u>	 <u>\$ 36,702,574</u>	 <u>\$ 38,417,270</u>

**Source:** School District financial records.

**Note:** Amounts above are presented net of accumulated depreciation.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Goldwood Elementary (1927)					
Square feet	55,070	55,070	55,070	55,070	55,070
Capacity (students)	588	588	588	588	588
Enrollment	559	519	514	543	533
Kensington Intermediate (1926)					
Square feet	71,720	71,720	71,720	71,720	71,720
Capacity (students)	596	596	596	596	596
Enrollment	566	591	603	597	587
Rocky River Middle School (2000)					
Square feet	110,000	110,000	110,000	110,000	110,000
Capacity (students)	659	659	659	659	659
Enrollment	626	640	623	602	594
Rocky River High School (1950)					
Square feet	141,631	141,631	141,631	141,631	141,631
Capacity (students)	936	936	936	936	936
Enrollment	889	844	827	795	769
Beach Education Center (1930)					
Square feet	37,780	37,780	37,780	37,780	37,780
Capacity (students)	404	404	404	404	404
Enrollment	*	29	31	38	34
Wooster Road Elementary (1955)					
Square feet	19,172	19,172	19,172	19,172	19,172
Capacity (students)	205	205	205	205	205
Enrollment	**	**	**	**	**
Board of Education Administrative Offices (1927)					
Square feet	16,400	16,400	16,400	16,400	16,400
Capacity (students)	N/A	N/A	N/A	N/A	N/A
Enrollment	-	-	-	-	-
<b>Total Square Feet</b>	<b>451,773</b>	<b>451,773</b>	<b>451,773</b>	<b>451,773</b>	<b>451,773</b>
<b>Total Capacity</b>	<b>3,387</b>	<b>3,388</b>	<b>3,388</b>	<b>3,388</b>	<b>3,388</b>
<b>Total Enrollment</b>	<b>2,640</b>	<b>2,623</b>	<b>2,598</b>	<b>2,575</b>	<b>2,517</b>

**Source:** District records

**Note:** Year of original construction is in parentheses. Any increases in square footage and capacity are the result of new construction, renovations and additions.

Capacity is expressed in the estimated number of students a building is equipped to handle and is subject to changes in federal, state or local standards as well as modifications to physical building characteristics.

\* Only a small portion of this building was being utilized for pre-kindergarten special education students through the 2004-2005 school year. This program was moved to Goldwood Primary School for the 2005-2006 school year.

The remaining portion of this building has been and is currently being utilized to house the District's Adult & Community Education program with the remaining space being leased out to a private school and the County Board of Mental Retardation and Developmental Disabilities.

\*\* This building has not been needed for pre-kindergarten through 12 educational purposes during the last 10 years and is currently being leased to the Cleveland Clinic Health System.

\*\*\* Square feet for 1997 – 1999 was that of the Middle School building that existed prior to the construction of the new Middle School building in 2000.

N/A - Data Not Available or Not Applicable

<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	
55,070	55,070	55,070	55,070	55,070	
588	588	588	588	588	
541	540	543	530	512	
71,720	71,720	71,720	71,720	71,720	
596	596	596	596	596	
586	591	548	506	504	
110,000	110,000	99,280	99,280	99,280	***
659	659	659	659	659	
568	540	542	482	487	
141,631	141,631	141,631	141,631	141,631	
936	936	936	936	936	
748	712	696	681	663	
37,780	37,780	37,780	37,780	37,780	
404	404	404	404	404	
15	14	12	14	1	
19,172	19,172	19,172	19,172	19,172	
205	205	205	205	205	
**	**	**	**	**	
16,400	16,400	16,400	16,400	16,400	
N/A	N/A	N/A	N/A	N/A	
-	-	-	-	-	
451,773	451,773	441,053	441,053	441,053	
3,388	3,388	3,388	3,388	3,388	
2,458	2,397	2,341	2,213	2,167	

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities (2)		Enrollment	Percent Change
	Expenses (1)	Cost per pupil	Expenses (1)	Cost per pupil		
2006	\$ 28,434,728	\$ 10,771	\$ 29,571,949	\$ 11,201	2,640	0.65%
2005	30,751,403	11,724	30,848,117	11,761	2,623	0.96%
2004	28,210,549	10,859	29,054,984	11,184	2,598	0.89%
2003	25,608,776	9,945	27,011,865	10,490	2,575	2.30%
2002	23,852,262	9,476	25,324,173	10,061	2,517	2.40%
2001	26,751,965	10,884	25,067,505	10,198	2,458	2.54%
2000	35,536,891	14,826	N/A	N/A	2,397	2.39%
1999	23,484,325	10,032	N/A	N/A	2,341	5.78%
1998	19,658,773	8,883	N/A	N/A	2,213	2.12%
1997	17,816,389	8,222	N/A	N/A	2,167	0.00%

**Source:** District records

(1) Debt Service totals have been excluded.

(2) The District implemented GASB 34 in fiscal year 2001.

N/A - Data Not Accessible

<b>Teaching Staff</b>	<b>Pupil/Teacher Ratio</b>	<b>Student Attendance Percentage</b>
165	16.00	96.60%
169	15.52	96.30%
162	16.04	96.50%
161	15.99	96.40%
161	15.63	96.30%
161	15.27	95.50%
158	15.17	95.50%
153	15.30	95.30%
146	15.16	95.60%
140	15.48	95.80%

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

CERTIFICATED STAFF EDUCATION, EXPERIENCE AND AVERAGE SALARY INFORMATION  
LAST TEN FISCAL YEARS

	2006		2005		2004		2003	
<b>Education</b>								
<i>College Degree Attained (Number of Staff/% of Total)</i>								
Bachelor's Degree	8	4.85%	11	6.51%	10	6.17%	19	11.80%
Bachelor's Degree + 9 hours	11	6.67%	10	5.92%	9	5.56%	7	4.35%
Bachelor's Degree + 18 hours	17	10.30%	18	10.65%	19	11.73%	24	14.91%
Master's Degree	47	28.48%	52	30.77%	50	30.86%	50	31.06%
Master's Degree + 9 hours	29	17.58%	24	14.20%	23	14.20%	23	14.29%
Master's Degree + 18 hours	18	10.91%	18	10.65%	15	9.26%	9	5.59%
Master's Degree + 27 hours	14	8.48%	15	8.88%	14	8.64%	12	7.45%
Master's Degree + 36 hours	21	12.73%	21	12.43%	22	13.58%	17	10.56%
Ph. D.	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Total</b>	<b>165</b>	<b>100.00%</b>	<b>169</b>	<b>100.00%</b>	<b>162</b>	<b>100.00%</b>	<b>161</b>	<b>100.00%</b>
<b>Experience</b>								
<i>Range of Years' Experience (Number of Staff/% of Total)</i>								
0 - 5	19	11.52%	26	15.38%	33	20.37%	45	27.95%
6 - 10	47	28.48%	46	27.22%	54	33.33%	42	26.09%
11 and over	99	60.00%	97	57.40%	75	46.30%	74	45.96%
<b>Total</b>	<b>165</b>	<b>100.00%</b>	<b>169</b>	<b>100.00%</b>	<b>162</b>	<b>100.00%</b>	<b>161</b>	<b>100.00%</b>
<b>Average Teacher Salary</b>	<b>\$63,161</b>		<b>\$59,376</b>		<b>\$57,168</b>		<b>\$51,730</b>	

**Source:** District Records

Note: Excludes Administrators

N/A - Information Not Accessible

2002		2001		2000		1999		1998		1997	
19	11.80%	18	11.18%	18	11.39%	19	12.42%	24	16.44%	22	15.71%
7	4.35%	13	8.07%	15	9.49%	17	11.11%	9	6.16%	11	7.86%
24	14.91%	17	10.56%	18	11.39%	16	10.46%	20	13.70%	15	10.71%
50	31.06%	52	32.30%	57	36.08%	51	33.33%	43	29.45%	46	32.86%
23	14.29%	19	11.80%	15	9.49%	12	7.84%	12	8.22%	14	10.00%
9	5.59%	13	8.07%	12	7.59%	13	8.50%	14	9.59%	12	8.57%
12	7.45%	9	5.59%	8	5.06%	5	3.27%	4	2.74%	2	1.43%
17	10.56%	20	12.42%	15	9.49%	20	13.07%	20	13.70%	17	12.14%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1	0.71%
161	100.00%	161	100.00%	158	100.00%	153	100.00%	146	100.00%	140	100.00%
45	27.95%	45	27.95%	45	28.48%	48	31.37%	39	26.71%	32	22.86%
42	26.09%	37	22.98%	32	20.25%	21	13.73%	24	16.44%	29	20.71%
74	45.96%	79	49.07%	81	51.27%	84	54.90%	83	56.85%	79	56.43%
161	100.00%	161	100.00%	158	100.00%	153	100.00%	146	100.00%	140	100.00%
\$50,040		\$47,700		N/A		N/A		N/A		N/A	

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Betty Montgomery**

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Facsimile 614-466-4490

**ROCKY RIVER 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 11, 2007**