

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2003**



**Auditor of State  
Betty Montgomery**



**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY

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

Federal Agency Pass-through Agency Federal Program	Pass Through Agency Awarding 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>						
<b>Child Nutrition Cluster:</b>						
Food Distribution Program	N/A	10.550	\$0	\$33,690	\$0	\$33,182
School Breakfast Program	044545 LL PU 02	10.553	1,152	0	1,152	0
School Breakfast Program	044545 LL PU 03	10.553	3,053	0	3,053	0
<b>Total School Breakfast Program</b>			<b>4,205</b>	<b>0</b>	<b>4,205</b>	<b>0</b>
National School Lunch Program	044545 LL P4 02	10.555	22,147	0	22,147	0
National School Lunch Program	044545 LL P4 03	10.555	78,010	0	78,010	0
<b>Total National School Lunch Program</b>			<b>100,157</b>	<b>0</b>	<b>100,157</b>	<b>0</b>
<b>Total U.S. Department of Agriculture - Child Nutrition Cluster</b>			<b>104,362</b>	<b>33,690</b>	<b>104,362</b>	<b>33,182</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
<b>Special Education Cluster:</b>						
Special Education Grants to States, IDEA Part B	044545 6B SD 03 P	84.027	9,000	0	15,254	0
Special Education Grants to States, IDEA Part B	044545 6B SF 02 P	84.027	26,650	0	38,695	0
Special Education Grants to States, IDEA Part B	044545 6B SF 03 P	84.027	261,934	0	250,749	0
<b>Total Special Education Grants to States</b>			<b>297,584</b>	<b>0</b>	<b>304,698</b>	<b>0</b>
Special Education Preschool Grants	044545 PG S1 02 P	84.173	0	0	2,428	0
Special Education Preschool Grants	044545 PG S1 03 P	84.173	17,554	0	17,540	0
<b>Total Special Education Preschool Grants</b>			<b>17,554</b>	<b>0</b>	<b>19,968</b>	<b>0</b>
<b>Total Special Education Cluster</b>			<b>315,138</b>	<b>0</b>	<b>324,666</b>	<b>0</b>
Innovation Education Program Strategies, Title V	044545 C2 S1 01	84.298	(4,176)	0	1,186	0
Innovation Education Program Strategies, Title V	044545 C2 S1 02	84.298	(4,761)	0	9,948	0
Innovation Education Program Strategies, Title V	044545 C2 S1 03	84.298	24,448	0	16,593	0
<b>Total Innovation Education Program Strategies, Title V</b>			<b>15,511</b>	<b>0</b>	<b>27,727</b>	<b>0</b>
Class Size Reduction Subsidy	044545 CR S1 02	84.340	(7,065)	0	10,642	0
<b>Total Class Size Reduction Subsidy</b>			<b>(7,065)</b>	<b>0</b>	<b>10,642</b>	<b>0</b>
Improving Teacher Quality, Title II-A	044545 TR S1 03	84.367	42,438	0	39,514	0
<b>Total Improving Teacher Quality, Title II-A</b>			<b>42,438</b>	<b>0</b>	<b>39,514</b>	<b>0</b>
Eisenhower Professional Development State Grants, Title II	044545 MS S1 01	84.281	(319)	0	0	0
Eisenhower Professional Development State Grants, Title II	044545 MS S1 02	84.281	(697)	0	5,223	0
<b>Total Eisenhower Professional Development State Grants</b>			<b>(1,016)</b>	<b>0</b>	<b>5,223</b>	<b>0</b>
Safe and Drug Free Schools and Communities- State Grants	044545 DR S1 01	84.186	(370)	0	0	0
Safe and Drug Free Schools and Communities- State Grants	044545 DR S1 02	84.186	5,228	0	7,106	0
Safe and Drug Free Schools and Communities- State Grants	044545 DR S1 03	84.186	4,176	0	10,444	0
<b>Total Safe and Drug Free Schools and Communities- State Grants</b>			<b>9,034</b>	<b>0</b>	<b>17,550</b>	<b>0</b>
School Renovation Grants, ATIP	044545 AT S2 02	84.352A	2,887	0	2,887	0
School Renovation Grants, ATIP	044545 AT S4 02	84.352A	2,380	0	0	0
<b>Total School Renovation Grants</b>			<b>5,267</b>	<b>0</b>	<b>2,887</b>	<b>0</b>
<b>Total U.S. Department of Education</b>			<b>379,307</b>	<b>0</b>	<b>428,209</b>	<b>0</b>
<b>U.S. Department of Health and Human Services</b>						
<i>Passed Through Ohio Department of Education:</i>						
Refugee and Entrant Assistance-Discretionary Grants	044545 RI S1 02	93.576	0	0	2,366	0
Refugee and Entrant Assistance-Discretionary Grants	044545 RI S1 03	93.576	2,500	0	2,314	0
<b>Total Refugee and Entrant Assistance-Discretionary Grants</b>			<b>2,500</b>	<b>0</b>	<b>4,680</b>	<b>0</b>
<b>Total U.S. Department of Health and Human Services</b>			<b>2,500</b>	<b>0</b>	<b>4,680</b>	<b>0</b>
<b>Total All Federal Funds</b>			<b>\$486,169</b>	<b>\$33,690</b>	<b>\$537,251</b>	<b>\$33,182</b>

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

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**JUNE 30, 2003**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (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 – NATIONAL SCHOOL LUNCH PROGRAM**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the District had no significant food commodities in inventory.

N/A - Not applicable.

CFDA - Catalog of Federal Domestic Assistance.



**Auditor of State  
Betty Montgomery**

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

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

We have audited the financial statements of the North Royalton City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated January 28, 2004, wherein we noted the District adopted Government Accounting Standards Board Statements No. 34, 37, 38 and Interpretation 6 and restated its internal service fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 28, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 28, 2004.

North Royalton City School District  
Cuyahoga County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

January 28, 2004





## Auditor of State Betty Montgomery

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

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

#### Compliance

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

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

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

#### Internal Control Over Compliance

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

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 28, 2004.

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

We have audited the basic financial statements of the District, as of and for the year ended June 30, 2003, and have issued our report thereon dated January 28, 2004, wherein we noted the District adopted Government Accounting Standards Board Statements No. 34, 37, 38 and Interpretation 6 and restated its internal service fund. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

January 28, 2004

NORTH ROYALTON CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 JUNE 30, 2003

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 Section .505**

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

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

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2003**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 Section .505  
(Continued)**

<b>2. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<b>FINDING NUMBER</b>	<b>2003-001</b>
-----------------------	-----------------

Ohio Rev. Code Section 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is attached a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement is provided by statute:

*Then and Now Certificate:* This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$3,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The District did not always comply with the aforementioned Revised Code Section. Twenty seven of the sixty transactions tested had the invoice dated prior to the purchase order. Post certification was not applied through the conventions of the "then and now" certification.

We recommend the District properly certify the availability of funds for any orders or contracts involving the expenditure of money to ensure compliance with this requirement. Any purchase that falls out of this procedure should be reviewed under the "then and now" criteria.

<b>FINDING NUMBER</b>	<b>2003-002</b>
-----------------------	-----------------

Ohio Revised Code 5705.41 (B) & (D) prohibits a subdivision or taxing unit from making an expenditure or an expenditure plus encumbrance unless it has been appropriated. The following funds had expenditures plus encumbrance which were in excess of appropriations as reported on the Appropriation measure at December 31, 2002.

Fund	Expenditures Plus Encumbrances	Appropriations	Variance
401	\$438,185	\$315,995	\$122,190
516	112,777	36,801	75,976
587	9,315	2,428	6,887

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2003**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 Section .505  
(Continued)**

<b>2. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

<b>FINDING NUMBER</b>	<b>2003-002</b>
-----------------------	-----------------

We recommend the District compare appropriations to expenditures plus encumbrances in all funds which are legally required to be budgeted, at the legal level of control (fund level), to ensure compliance with the above requirement. This comparison should be compared on a monthly basis at a minimum.

<b>3. FINDING FOR FEDERAL AWARDS</b>
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None.

**NORTH ROYALTON CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 JUNE 30, 2003**

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

<b>FINDING NUMBER</b>	<b>FINDING SUMMARY</b>	<b>FULLY CORRECTED ?</b>	<b>NOT CORRECTED, PARTIALLY CORRECTED; SIGNIFICANTLY DIFFERENT CORRECTIVE ACTION TAKEN; OR FINDING NO LONGER VALID; EXPLAIN:</b>
2002-01	Errors in the GAAP conversion preparation	Yes	

**NORTH ROYALTON  
CITY SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**





**North Royalton City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2003*  
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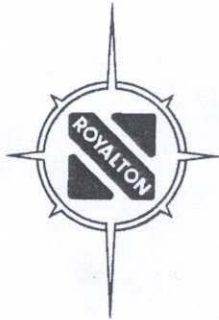
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# NORTH ROYALTON CITY SCHOOLS

## Office of the Treasurer

6579 Royalton Road  
North Royalton, Ohio 44133

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Fax 440-582-7336

January 28, 2004

Board of Education Members  
North Royalton City School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the North Royalton City School District for the fiscal year ended June 30, 2003. This CAFR, which includes financial statements and other financial and statistical data, conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. All disclosures necessary to enable the reader to gain an understanding of the School District's financial activities have been included.

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

This report is divided into the following sections:

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

### **The School District**

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

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

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

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

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

### **The Reporting Entity**

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

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

### **Economic Condition and Outlook**

The City of North Royalton continues to experience a period of rapid growth. The 2000 U.S. Census data reports a population of 29,006 in the City of North Royalton. This represents a 23.5 percent increase since the 1990 census. The median household income is \$57,398.

The North Royalton City School District receives 66.1 percent of its governmental revenues from local property tax collections. Therefore the long-term financial health of the School District is very dependent on its tax base. The total assessed value of the School District's tax duplicate rose by nearly 66 percent in the last ten years. The increased value in the duplicate is due to revisions in property values made by the County Auditor every three years and new construction taking place in the School District.

The City of North Royalton and the City of Broadview Heights continue to attract new housing and commercial development. There are currently several new housing developments approved and under construction in the School District. As of June 30, 2003 there were approximately 2,355 new home lots approved by the Planning Commissions and City Councils of the respective cities for completion in the School District over the next five years.

## **Major Educational Initiatives:**

### **2002-2003 School Year:**

- Continued to upgrade technology, specifically through staff development to enable more efficient utilization of technology as a support to instruction.
- Continued the cycle of curriculum review, enabling monitoring and updating of the K-12 educational program.
- Developed Continuous Improvement Plans that are designed to improve student performance.
- Established a new site for the preschoolers with a disability program and the Department of Pupil Services, in collaboration with the City of Broadview Heights.
- Secured passage of a 5.5 mill emergency operating levy.

### **For the Future**

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

## *FINANCIAL INFORMATION*

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

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

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

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

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

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

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

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

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

### ***Financial Condition***

This is the first year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates basic financial statements for reporting on the School District's financial activities as follows:

***Government-wide financial statements*** These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business type activities.

***Fund financial statements*** These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

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

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion appears after the Independent Accountants' Report in the financial section of this report. Management's Discussion and Analysis provides an assessment of the School District's finances for fiscal year 2003. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

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

The only internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision vision benefits to the School District employees. The internal service fund had net assets of \$51,011 at June 30, 2003, compared with net assets of \$29,153 at June 30, 2002, reflecting a net increase in net assets of \$21,858.

## **Cash Management**

The Board of Education has an aggressive cash management program which consists of expediting the receipt of revenues and prudently depositing cash which is insured by the Federal Deposit Insurance Corporation as well as investing available cash in instruments issued by the United States Government or the State of Ohio. The program is beneficial because of access to daily balances which enables the Board to maintain minimum balance accounts and invest to the maximum extent. The total amount of interest earned was \$88,781 for the year ended June 30, 2003 of which \$82,610 was credited directly to the general fund.

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

## **Risk Management**

The School District contracts for general liability insurance with \$3,000,000 limit with no deductible and automobile liability which has a \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years.

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

## **Independent Audit**

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor, Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2003. The opinion appears at the beginning of the financial section of this report.

## **Awards**

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to North Royalton City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



## Acknowledgments

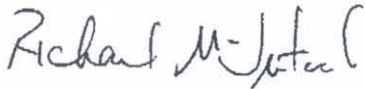
The publication of this report is a significant step toward professionalizing the North Royalton City School District's financial reporting. It enhances the School District's accountability to the residents of the North Royalton City School District.

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

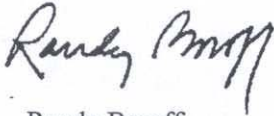
Special appreciation is expressed to the Local Government Services Section of State Auditor Betty Montgomery's office for assistance in planning, designing and reviewing this financial report.

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

Respectfully submitted,



Richard McIntosh  
Treasurer



Randy Boroff  
Superintendent

**North Royalton City School District**

*List of Principal Officials*

*June 30, 2003*

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**Elected Officials/Board of Education**

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Catherine Bican	President
Barbara Soggs	Vice President
Heidi Dolezal	Member
Robert Grace	Member
Daniel Potopsky	Member

**Treasurer**

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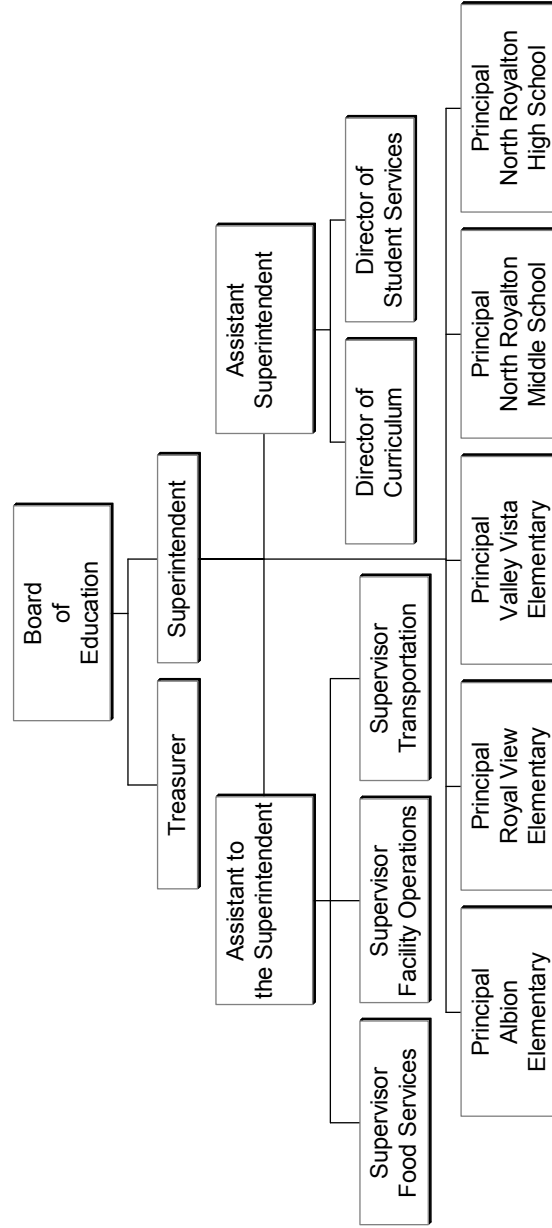
Richard McIntosh

**Administration**

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Randy Boroff	Superintendent
Malcolm M. Driver	Assistant Superintendent
James J. Presott	Assistant to the Superintendent
Richard W. Evans	Director of Curriculum and Instruction
James C. Rohlik	Director of Student Services

# North Royalton City School District Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Royalton City  
Schools, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

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



President

Executive Director



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial model, as required by the provisions of Governmental Auditing Standards Board Statement No. 34, 37, 38 and Interpretation 6 and restated its internal service fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

**Betty Montgomery**  
Auditor of State

January 28, 2004

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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The discussion and analysis of North Royalton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2003 are as follows:

- ❑ Net assets of governmental activities decreased \$2,018,803, which represents a 30.12 percent decrease from 2002.
- ❑ Governmental Activities reflected total revenue in the amount of \$35,890,976.
- ❑ Total program expenses were \$37,909,779 in Governmental Activities.
- ❑ Outstanding debt decreased to \$23,600,179 from \$24,675,625 in 2003.

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

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

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

**Reporting the School District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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

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

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

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general and bond retirement debt service funds.

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

**The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2003 compared to 2002:

<b>Table 1</b>		
Net Assets		
Governmental Activities		
	2003	2002
<b>Assets</b>		
Current and Other Assets	\$33,852,612	\$34,157,989
Capital Assets, Net of Depreciation	28,747,329	29,933,044
<i>Total Assets</i>	\$62,599,941	\$64,091,033



**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

**Table 1**  
 Net Assets (continued)  
 Governmental Activities

	2003	2002
<b>Liabilities</b>		
Current and Other Liabilities	\$31,453,563	\$29,719,526
Long-Term Liabilities:		
Due Within One Year	1,608,622	1,471,560
Due in More Than One Year	24,853,047	26,196,435
<i>Total Liabilities</i>	57,915,232	57,387,521
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	5,147,150	5,257,419
Restricted for:		
Capital Projects	351,756	204,094
Debt Service	2,262,835	2,486,110
Other Purposes	408,144	570,252
Unrestricted (Deficit)	(3,485,176)	(1,814,363)
<i>Total Net Assets</i>	\$4,684,709	\$6,703,512

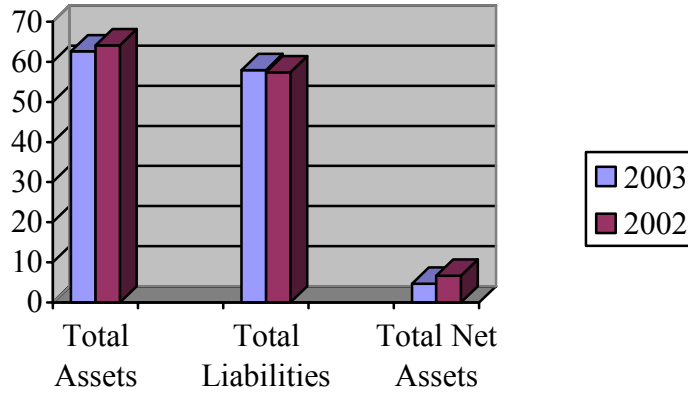
**Graph 1**  
 Net Assets Governmental Activities  
 (In Millions)

	2003	2002
Total Assets	\$62.6	\$64.1
Total Liabilities	57.9	57.4
Total Net Assets	\$4.7	\$6.7

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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**Governmental Activities**



Total assets decreased \$1,491,092. Equity in pooled cash and cash equivalents increased \$853,694 due to a half year of collections on the 5.5 mill operating levy passed in November 2002. This increase was offset by a decrease in capital assets of \$1,185,715 due to the annual depreciation exceeding capital outlays.

Liabilities increased by \$527,711. This increase resulted from an increase in deferred revenue in the amount of \$1,790,990 due to the amount of tax revenue available to advance the School District from the County Auditor decreasing \$1,847,212. This increase was offset by a decrease in compensated absences of \$130,880 and general obligation bonds of \$1,075,446.

By comparing assets and liabilities, one can see the overall position of the School District has declined as evidenced by the decrease in net assets of \$2,018,803.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$32,821,645 or 91.5 percent of the total revenue. The most significant portion of the general revenue is local property tax accounting for 71.4 percent of total general revenues. The remaining amount of revenue received was in the form of program revenues, which equated to \$3,069,331 or 8.5 percent of total revenue.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year. However, since this is the first year the School District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

**Table 2**  
 Governmental Activities

	2003
<b>Revenues</b>	
Program revenues:	
Charges for Services and Sales	\$1,641,832
Operating Grants, Interest and Contributions	1,249,769
Capital Grants and Contributions	177,730
<i>Total Program Revenues</i>	<i>3,069,331</i>
General revenues:	
Property Taxes	23,428,474
Grants and Entitlements not Restricted to Specific Programs	9,099,437
Investment Earnings	82,610
Miscellaneous	211,124
<i>Total General Revenues</i>	<i>32,821,645</i>
<i>Total Revenues</i>	<i>35,890,976</i>
<b>Program Expenses</b>	
Instruction:	
Regular	17,302,942
Special	2,932,155
Vocational	165,516
Support services:	
Pupil	1,834,793
Instructional Staff	2,236,506
Board of Education	17,890
Administration	2,767,986
Fiscal	797,449
Business	225,304
Operation and Maintenance of Plant	2,928,794
Pupil Transportation	2,197,402
Central	268,640
Operation Non-Instructional Services	592,156
Operation of Food Services	612,425
Extracurricular Activities	1,477,114
Interest and Fiscal Charges	1,552,707
<i>Total Program Expenses</i>	<i>37,909,779</i>
<i>Decrease in Net Assets</i>	<i>(2,018,803)</i>
Net Assets Beginning of Year - Restated	6,703,512
<i>Net Assets End of Year</i>	<i>\$4,684,709</i>

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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***Governmental Activities***

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

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 65.3 percent of revenues for governmental activities for North Royalton City School District in fiscal year 2003.

Instruction comprises 53.8 percent of governmental program expenses. Instruction along with pupil and instructional staff support comprises 64.6 percent of governmental program expenses. Interest and fiscal charges was 4.09 percent. Interest expense was attributable to the outstanding debt issues previously approved by the residents of the School District to fund capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2003 have not been made since they are not available.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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

	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>		
Instruction:		
Regular	\$17,302,942	(\$17,058,409)
Special	2,932,155	(2,649,168)
Vocational	165,516	(165,516)
Support Services:		
Pupil	1,834,793	(1,809,827)
Instructional Staff	2,236,506	(2,021,644)
Board of Education	17,890	(17,890)
Administration	2,767,986	(2,754,341)
Fiscal	797,449	(797,449)
Business	225,304	(192,044)
Operation and Maintenance of Plant	2,928,794	(2,876,891)
Pupil Transportation	2,197,402	(2,080,709)
Central	268,640	(268,640)
Operation of Non-Instructional Services	592,156	(38,968)
Operation of Food Services	612,425	591,917
Extracurricular Activities	1,477,114	(1,148,162)
Interest and Fiscal Charges	1,552,707	(1,552,707)
<i>Total</i>	<b>\$37,909,779</b>	<b>(\$34,840,448)</b>

The dependence upon general revenues for governmental activities is apparent. Over 64.6 percent of instructional activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 91.5 percent of total governmental revenues. The community, as a whole, is by far the primary support for North Royalton City School District students.

**The School District's Funds**

Information regarding the School District's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$36,569,712 and expenditures of \$37,932,075. The net change in fund balance for the year was most significant in the general fund, a decrease of \$1,273,643 due to use of the cash reserve for operating expenditures as well as a decrease in the amount of tax revenue available to advance the School District from the County Auditor. The School District has also received an increase in grant monies to better provide services to our students. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes from the communities that comprise the School District are the largest revenue source, accounting for 66.1 percent of total governmental revenue.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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***General Fund Budgeting Highlights***

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

During the course of fiscal year 2003, the School District amended its general fund budget numerous times, none significant. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

For the general fund, actual budget basis revenue totaled \$32,705,326, which was very close to the final budget estimates of \$32,700,865. Original budget estimates of \$31,540,916 differed from the actual budget basis revenue due to conservative estimates of property taxes.

Actual budget basis expenditures totaled \$34,838,923 compared to the original estimate of \$32,882,754. This difference was primarily due to the School District no longer having to make scheduled reductions due to short-term cash flow borrowing.

The School District's unencumbered ending cash balance totaled \$621,752.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2003 the School District had \$28,747,329 invested in land, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal 2003 balances compared to 2002:

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

	2003	2002
Land	\$478,111	\$478,111
Buildings and Improvements	25,680,766	26,489,771
Furniture and Equipment	1,321,677	1,488,867
Vehicles	1,266,775	1,476,295
<i>Total Capital Assets</i>	\$28,747,329	\$29,933,044

For fiscal year 2003, capital assets decreased \$1,185,715. The School District replaced and/or repaired the roofs on several school buildings and purchased new computers. These increases were offset by the annual depreciation which accounts for the overall decrease in capital assets. Ohio law

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

required school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks and instructional materials and supplies. For fiscal year 2003, this amounted to \$597,126 for each set aside. See Note 9 to the basic financial statements for additional information on the School District's capital assets.

***Debt***

At June 30, 2003 the School District had \$23,600,179 in general obligation bonds outstanding. Table 5 summarizes the bonds outstanding.

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

	2003	2002
1993 School Improvement Bonds	\$3,554,866	\$3,974,959
1994 School Improvement Bonds	20,045,313	20,700,666
<i>Total</i>	\$23,600,179	\$24,675,625

The School District's overall legal debt margin increased to \$55.4 million. This is the additional amount of debt the School District could issue. The debt margin increased \$5.2 million from 2002 to 2003 due to the School District paying down current debt and increasing property valuations. See Note 15 to the basic financial statements for detail on the School District's long-term obligations.

	2003	2002
Overall Debt Limit	\$74.7 million	\$71.9 million
Overall Debt Margin	55.4 million	50.2 million

**School District Outlook**

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

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

## **North Royalton City School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited*

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Residential development continues to take place in both the cities of North Royalton and Broadview Heights. The School District's enrollment projection, updated in 2003, reflects continuous growth over the next ten years. The School District's facilities are at maximum capacity. As a stopgap measure, the School District has leased four buildings from the City of Broadview Heights to house preschool and kindergarten students beginning in the 2004-2005 school year. This will free classroom space at the elementary level and enable redistricting for a better balance of student enrollment at each of the elementary schools.

The School District is working with citizen advisory groups to prepare a long-term solution to the facilities issues. Concomitant with the facilities issue is the need to generate additional operating revenue to meet the demands placed on the School District by the continued growth in its student population as well as the spate of under-funded and unfunded mandates from the State and Federal governments.

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

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

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Richard McIntosh, Treasurer at North Royalton City School District, 6579 Royalton Road, North Royalton, Ohio 44133 or E-Mail at [rich.mcintosh@lnoca.org](mailto:rich.mcintosh@lnoca.org).



## **Basic Financial Statements**

**North Royalton City School District**

*Statement of Net Assets*

*June 30, 2003*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,348,629
Intergovernmental Receivable	286,563
Inventory Held for Resale	93,802
Property Taxes Receivable	29,123,618
Nondepreciable Capital Assets	478,111
Depreciable Capital Assets, Net	<u>28,269,218</u>
<i>Total Assets</i>	<u>62,599,941</u>
<b>Liabilities</b>	
Accounts Payable	148,273
Accrued Wages Payable	2,800,587
Contracts Payable	63,894
Matured Compensated Absences Payable	704,972
Intergovernmental Payable	1,043,339
Deferred Revenue	26,552,081
Accrued Interest Payable	128,573
Claims Payable	11,844
Long-Term Liabilities:	
Due Within One Year	1,608,622
Due In More Than One Year	<u>24,853,047</u>
<i>Total Liabilities</i>	<u>57,915,232</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	5,147,150
Restricted for:	
Capital Projects	351,756
Debt Service	2,262,835
Other Purposes	408,144
Unrestricted (Deficit)	<u>(3,485,176)</u>
<i>Total Net Assets</i>	<u><u>\$4,684,709</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2003

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$17,302,942	\$39,966	\$141,769	\$62,798	(\$17,058,409)
Special	2,932,155	214,701	68,286	0	(2,649,168)
Vocational	165,516	0	0	0	(165,516)
Support Services:					
Pupil	1,834,793	0	24,966	0	(1,809,827)
Instructional Staff	2,236,506	0	214,862	0	(2,021,644)
Board of Education	17,890	0	0	0	(17,890)
Administration	2,767,986	0	13,645	0	(2,754,341)
Fiscal	797,449	0	0	0	(797,449)
Business	225,304	33,260	0	0	(192,044)
Operation and Maintenance of Plant	2,928,794	0	51,903	0	(2,876,891)
Pupil Transportation	2,197,402	0	1,761	114,932	(2,080,709)
Central	268,640	0	0	0	(268,640)
Operation of Non-Instructional Services	592,156	0	553,188	0	(38,968)
Operation of Food Services	612,425	1,039,189	165,153	0	591,917
Extracurricular Activities	1,477,114	314,716	14,236	0	(1,148,162)
Interest and Fiscal Charges	1,552,707	0	0	0	(1,552,707)
<i>Totals</i>	<u>\$37,909,779</u>	<u>\$1,641,832</u>	<u>\$1,249,769</u>	<u>\$177,730</u>	<u>(34,840,448)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
					20,685,488
					2,119,417
					623,569
					9,099,437
					82,610
					211,124
					<u>32,821,645</u>
					(2,018,803)
					6,703,512
					<u>\$4,684,709</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2003*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$828,224	\$2,163,827	\$1,021,532	\$4,013,583
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	272,191	0	0	272,191
Intergovernmental Receivable	225,945	0	60,618	286,563
Interfund Receivable	103,006	0	0	103,006
Inventory Held for Resale	76,561	0	17,241	93,802
Property Taxes Receivable	26,722,756	1,635,203	765,659	29,123,618
<i>Total Assets</i>	<u>\$28,228,683</u>	<u>\$3,799,030</u>	<u>\$1,865,050</u>	<u>\$33,892,763</u>
<b>Liabilities</b>				
Accounts Payable	\$49,942	\$0	\$98,331	\$148,273
Accrued Wages	2,768,364	0	32,223	2,800,587
Contracts Payable	17,273	0	46,621	63,894
Interfund Payable	0	0	103,006	103,006
Matured Compensated Absences Payable	704,972	0	0	704,972
Intergovernmental Payable	700,504	0	15,172	715,676
Deferred Revenue	24,701,360	1,410,570	699,412	26,811,342
<i>Total Liabilities</i>	<u>28,942,415</u>	<u>1,410,570</u>	<u>994,765</u>	<u>31,347,750</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	339,457	0	394,356	733,813
Reserved for Bus Purchases	114,932	0	0	114,932
Reserved for Capital Improvements	157,259	0	0	157,259
Reserved for Property Taxes	2,247,341	224,633	66,247	2,538,221
Unreserved Undesignated, Reported in:				
General Fund (Deficit)	(3,572,721)	0	0	(3,572,721)
Special Revenue Funds	0	0	349,737	349,737
Debt Service Fund	0	2,163,827	0	2,163,827
Capital Projects Funds	0	0	59,945	59,945
<i>Total Fund Balances (Deficit)</i>	<u>(713,732)</u>	<u>2,388,460</u>	<u>870,285</u>	<u>2,545,013</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$28,228,683</u>	<u>\$3,799,030</u>	<u>\$1,865,050</u>	<u>\$33,892,763</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2003*

<b>Total Governmental Funds Balances</b>	<b>\$2,545,013</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	28,747,329
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes.	259,261
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.	51,011
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(327,663)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(128,573)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(2,861,490)
General Obligation Bonds	(23,600,179)
Total	(26,461,669)
 <i>Net Assets of Governmental Activities</i>	 <b><u><u>\$4,684,709</u></u></b>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2003*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$21,342,510	\$2,197,781	\$646,610	\$24,186,901
Intergovernmental	8,806,773	314,961	1,358,897	10,480,631
Interest	82,610	0	6,171	88,781
Tuition and Fees	96,526	0	78,258	174,784
Rentals	33,260	0	0	33,260
Extracurricular Activities	129,814	0	144,247	274,061
Contributions and Donations	750	0	78,618	79,368
Charges for Services	0	0	1,040,802	1,040,802
Miscellaneous	187,369	0	23,755	211,124
<i>Total Revenues</i>	<u>30,679,612</u>	<u>2,512,742</u>	<u>3,377,358</u>	<u>36,569,712</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	16,085,683	0	216,135	16,301,818
Special	2,798,394	0	84,024	2,882,418
Vocational	174,975	0	0	174,975
Support Services:				
Pupil	1,775,128	0	35,685	1,810,813
Instructional Staff	1,795,816	0	294,058	2,089,874
Board of Education	18,060	0	0	18,060
Administration	2,654,003	0	16,549	2,670,552
Fiscal	742,096	31,177	0	773,273
Business	215,157	0	0	215,157
Operation and Maintenance of Plant	2,736,480	0	65,463	2,801,943
Pupil Transportation	2,009,282	0	4,948	2,014,230
Central	253,322	0	0	253,322
Operation of Non-Instructional Services	72,371	0	578,151	650,522
Operation of Food Service	0	0	1,203,507	1,203,507
Extracurricular Activities	607,655	0	201,943	809,598
Capital Outlay	0	0	631,320	631,320
Debt Service:				
Principal Retirement	0	1,390,000	0	1,390,000
Interest and Fiscal Charges	1,677	1,239,016	0	1,240,693
<i>Total Expenditures</i>	<u>31,940,099</u>	<u>2,660,193</u>	<u>3,331,783</u>	<u>37,932,075</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,260,487)</u>	<u>(147,451)</u>	<u>45,575</u>	<u>(1,362,363)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	22,344	0	0	22,344
Transfers In	0	0	35,500	35,500
Transfers Out	(35,500)	0	0	(35,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(13,156)</u>	<u>0</u>	<u>35,500</u>	<u>22,344</u>
<i>Net Change in Fund Balances</i>	<u>(1,273,643)</u>	<u>(147,451)</u>	<u>81,075</u>	<u>(1,340,019)</u>
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>559,911</u>	<u>2,535,911</u>	<u>789,210</u>	<u>3,885,032</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$713,732)</u></u>	<u><u>\$2,388,460</u></u>	<u><u>\$870,285</u></u>	<u><u>\$2,545,013</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2003*

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**Net Change in Fund Balances - Total Governmental Funds** (\$1,340,019)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlay	305,507	
Depreciation	(1,491,222)	
Total		(1,185,715)

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

Property Taxes	(758,427)	
Intergovernmental	(38,484)	
Tuition and Fees	118,175	
Total		(678,736)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,390,000

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 21,858

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

Accrued Interest on Bonds	2,540	
Bond Accretion	(314,554)	
Total		(312,014)

Some expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	130,880	
Pension Obligation	(45,057)	
Total		85,823

*Change in Net Assets of Governmental Activities* (\$2,018,803)

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$22,486,453	\$23,313,413	\$23,316,594	\$3,181
Intergovernmental	8,493,224	8,805,572	8,806,773	1,201
Interest	79,668	82,599	82,610	11
Tuition and Fees	142,881	148,136	148,156	20
Rentals	32,076	33,255	33,260	5
Extracurricular Activities	125,192	129,796	129,814	18
Contributions and Donations	723	750	750	0
Miscellaneous	180,699	187,344	187,369	25
<i>Total Revenues</i>	<u>31,540,916</u>	<u>32,700,865</u>	<u>32,705,326</u>	<u>4,461</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	15,082,914	16,130,339	16,106,778	23,561
Special	3,032,478	3,229,176	3,182,325	46,851
Vocational	124,989	133,726	133,726	0
Support Services:				
Pupil	1,767,749	1,890,059	1,846,596	43,463
Instructional Staff	1,746,181	1,868,055	1,834,794	33,261
Board of Education	19,561	20,922	20,922	0
Administration	2,466,634	2,638,566	2,575,788	62,778
Fiscal	727,419	778,267	766,616	11,651
Business	239,280	256,007	255,938	69
Operation and Maintenance of Plant	2,664,967	2,850,813	2,780,764	70,049
Pupil Transportation	1,982,116	2,120,568	2,094,523	26,045
Central	246,573	263,791	263,791	0
Operation of Non-Instructional Services	66,887	71,563	71,563	0
Extracurricular Activities	563,715	603,122	603,122	0
Debt Service:				
Principal Retirement	2,149,722	2,300,000	2,300,000	0
Interest and Fiscal Charges	1,569	1,677	1,677	0
<i>Total Expenditures</i>	<u>32,882,754</u>	<u>35,156,651</u>	<u>34,838,923</u>	<u>317,728</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,341,838)</u>	<u>(2,455,786)</u>	<u>(2,133,597)</u>	<u>322,189</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	2,216,917	2,299,686	2,300,000	314
Proceeds from Sale of Capital Assets	4,541	22,341	22,344	3
Advance Out	(96,270)	(103,000)	(103,000)	0
Transfers Out	(33,180)	(35,500)	(35,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,092,008</u>	<u>2,183,527</u>	<u>2,183,844</u>	<u>317</u>
<i>Net Change in Fund Balance</i>	750,170	(272,259)	50,247	322,506
<i>Fund Balance Beginning of Year</i>	310,942	310,942	310,942	0
Prior Year Encumbrances Appropriated	260,563	260,563	260,563	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$1,321,675</u>	<u>\$299,246</u>	<u>\$621,752</u>	<u>\$322,506</u>

See accompanying notes to the basic financial statements



**North Royalton City School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2003*

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	<u>Insurance</u>
<b>Assets</b>	
Equity Pooled in Cash and Cash Equivalents	\$62,855
<b>Liabilities</b>	
Claims Payable	<u>11,844</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$51,011</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2003*

	Insurance
<b>Operating Revenues</b>	
Charges for Services	\$149,367
<b>Operating Expenses</b>	
Purchase Services	2,756
Claims	124,753
<i>Total Operating Expenses</i>	127,509
<i>Change in Net Assets</i>	21,858
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	29,153
<i>Net Assets End of Year</i>	\$51,011

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Cash Flows*  
*Internal Service Fund*  
For the Fiscal Year Ended June 30, 2003

	Insurance
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$149,367
Cash Payments for Purchased Services	(2,756)
Cash Payments for Claims	(124,842)
<i>Net Increase in Cash and Cash Equivalents</i>	21,769
<i>Cash and Cash Equivalents Beginning of Year</i>	41,086
<i>Cash and Cash Equivalents End of Year</i>	\$62,855
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$21,858
Adjustments:	
Decrease in Claims Payable	(89)
<i>Net Cash Provided by Operating Activities</i>	\$21,769

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*June 30, 2003*

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**Assets**

Equity Pooled in Cash and Cash Equivalents

\$288,271

**Liabilities**

Due to Students

\$288,271

See accompanying notes to the basic financial statements

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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

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

The School District is located in a suburban area south of Cleveland, Ohio. It is located in Cuyahoga County and encompasses nearly all of the City of North Royalton and a smaller portion of the City of Broadview Heights. It is staffed by 241 classified employees and 266 certified full-time personnel who provide services to 4,429 students and other community members. The School District currently operates three elementary buildings, one middle school, one high school, an administrative building, a maintenance garage and a bus garage.

On September 20, 2002, the School District was declared to be in a state of "Fiscal Watch" by the Auditor of State. New legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the new law, within sixty days of the Auditor's declaration of a fiscal watch, the board of education of the School District has to prepare and submit to the Superintendent of Public Instruction a financial plan outlining the steps the Board will take to eliminate the School District's current operating deficit and avoid future deficits. Once the plan has been approved, the Board of Education's discretion is limited in that all financial activity of the School District must be in accordance with the plan.

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

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

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

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

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

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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

The financial statements of North Royalton City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

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

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

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

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

#### ***B. Fund Accounting***

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

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

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

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

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

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

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

### **C. Measurement Focus**

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund is included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e.,

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003*

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revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

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

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

***Revenues - Exchange and Non-exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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



## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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### ***E. Budgetary Process***

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

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

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

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

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

During fiscal year 2003, investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$82,610, which includes \$62,028 assigned from other School District funds.

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

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

Payments made to vendors for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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***H. Inventory***

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

***I. Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund represent amounts required by State statute to be set-aside to create a reserve for capital improvements and unspent resources restricted for the purchase of buses. See Note 20 for additional information regarding set-asides.

***J. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	40 years
Furniture and Equipment	5 - 10 years
Vehicles	10 years

***K. Interfund Balances***

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

***L. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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

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

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

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

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

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

### ***N. Net Assets***

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

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

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

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

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

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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

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

### ***Q. Interfund Activity***

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

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

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

### ***S. Estimates***

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

## **Note 3 - Change in Accounting Principles and Restatement of Fund Balance**

***Changes in Accounting Principles*** For fiscal year 2003, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB Statement No. 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the School District's programs between business-type and governmental activities. The School District has no business type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2002, caused by the elimination of the internal service fund, reclassification of funds based on the guidance provided in Statement No. 34 and the conversion to the accrual basis of accounting.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund. The implementation of Statement No. 41 did not affect the presentation of the budgetary statements of the School District.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

**Restatement of Fund Balance** For the School District, it was determined that enterprise funds should be reclassified to special revenue funds. The new standards for reporting fund obligations for compensated absences in Interpretation 6 also caused changes in previously reported fund balances. The implementation of these changes had the following effects on fund balance of the major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	General	Bond Retirement	Nonmajor	Total
Fund Balances, June 30, 2002	\$769,815	\$2,535,911	\$1,052,124	\$4,357,850
Fund Reclassification	0	0	(300,724)	(300,724)
Interpretation No. 6				
Compensated Absences	(209,904)	0	37,810	(172,094)
Adjusted Fund Balances, June 30, 2002	<u>\$559,911</u>	<u>\$2,535,911</u>	<u>\$789,210</u>	3,885,032
GASB 34 Adjustments:				
Capital Assets				29,933,044
Internal Service Fund				29,153
Pension Obligations				(282,606)
Accrued Interest				(131,113)
Long-Term Liabilities:				
Compensated Absences				(2,992,370)
General Obligation Bonds				(24,675,625)
Long-Term (Deferred) Assets				937,997
Governmental Activities Net Assets, June 30, 2002				<u>\$6,703,512</u>

It was determined that claims payable was overstated in the self insurance internal service fund. This restatement increased net assets \$3,395, from \$25,758 to \$29,153 and increased the change in net assets \$3,395 from \$202,780 to \$206,175.

The student activities agency fund's assets and liabilities increased \$3,323, from \$282,057 at June 30, 2002 to \$285,380. This increase was due to fund reclassification.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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**Note 4 – Accountability and Compliance**

**A. Accountability**

Fund balances at June 30, 2003, included the following individual fund deficits:

	<u>Deficit Fund Balance</u>
General Fund	\$713,732
<i>Special Revenue Funds:</i>	
Entry Year Program Grant	55
Title VI-B	29,843
Drug Free Schools	1,724
Preschool Grant	69
Class Size Reduction Grant	1,701

The general fund concluded fiscal year 2003 with a deficit fund balance of \$713,732. The deficit resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The School District is aware of the deficit and placed a 5.5 mill emergency operating levy on the November 2002 ballot and with the passage of the levy the North Royalton City School District is in a sound though ethereal financial position.

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

**B. Compliance**

Contrary to Section 5705.41 (B) and (D), Ohio Revised Code, the following funds had expenditures plus encumbrances in excess of appropriations at December 31, 2002.

	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Auxiliary Services	\$315,995	\$438,185	\$122,190
Title VI-B	36,801	112,777	75,976
Preschool Grant	2,428	9,315	6,887

These oversights were identified and corrected by fiscal year end.

The drug free school grant special revenue fund had final appropriations in excess of estimated resources plus carryover balances in the amount of \$980 contrary to Section 5705.39, Ohio Revised Code. Although this violation was not corrected by fiscal year-end, management has indicated that appropriations will be closely monitored to ensure no future violations.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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Ohio Revised Code Section 5705.41(D) provides that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. During fiscal year 2003, expenditures were made without prior certification of the fiscal officer.

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Short-term note proceeds and principal retirement for governmental funds are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$1,273,643)
Revenue Accruals	2,025,714
Proceeds from Notes	2,300,000
Principal Retirement	(2,300,000)
Expenditure Accruals	(144,388)
Advances Out	(103,000)
Encumbrances	<u>(454,436)</u>
Budget Basis	<u><u>\$50,247</u></u>

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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### **Note 6 - Deposits and Investments**

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);



## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rates in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

**Deposits** At year-end, the carrying amount of the School District's deposits was \$2,880,613 and the bank balance was \$3,242,542. Of the bank balance

1. \$200,000 was covered by federal depository insurance and,
2. \$3,042,542 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the School District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. STAROhio's fair value at June 30, 2003 is \$1,756,287.

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$4,636,900	\$0
Investments which are part of the cash management pool:		
STAROhio	<u>(1,756,287)</u>	<u>1,756,287</u>
GABS Statement No. 3	<u>\$2,880,613</u>	<u>\$1,756,287</u>

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, 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 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 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 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four 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 School District prior to June 30.

The School District receives property taxes from Cuyahoga County. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$2,247,341 in the general fund, \$224,633 in the bond retirement debt service fund, and \$66,247 in the permanent improvements capital projects fund. The amount available as an advance at June 30, 2002, was \$3,802,609 in the general fund, \$450,384 in the bond retirement debt service fund, and \$132,440 in the permanent improvements capital projects fund. The difference was in the timing and collection by the County Auditor.

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 2003 taxes were collected are:

	2002 Second Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$747,328,780	93.52 %	\$778,973,800	93.87 %
Public Utility Personal	21,240,630	2.66	20,709,590	2.50
Tangible Personal Property	30,539,440	3.82	30,116,086	3.63
Total	<u>\$799,108,850</u>	<u>100.00 %</u>	<u>\$829,799,476</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$58.20		\$63.50	

In November of 2002, the School District passed an operating levy for a 5.5 mill for five years. The collection on this levy began in fiscal year 2003.

**Note 8 - Receivables**

Receivables at June 30, 2003, consisted of taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Tuition	\$225,945
Title VI-B	38,135
Class Size Reduction Grant	14,051
Drug Free Schools	5,512
Title V	<u>2,920</u>
Total Intergovernmental Receivables	<u>\$286,563</u>

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

**Note 9 – Capital Assets**

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

	Balance 06/30/02	Additions	Deductions	Balance 06/30/03
<b>Governmental Activities</b>				
<i>Capital Assets not being Depreciated:</i>				
Land	\$478,111	\$0	\$0	\$478,111
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	39,727,211	117,300	0	39,844,511
Furniture and Equipment	4,762,021	188,207	(12,519)	4,937,709
Vehicles	2,956,904	0	(151,961)	2,804,943
<i>Total Capital Assets being Depreciated</i>	<u>47,446,136</u>	<u>305,507</u>	<u>(164,480)</u>	<u>47,587,163</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(13,237,440)	(926,305)	0	(14,163,745)
Furniture and Equipment	(3,273,154)	(355,397)	12,519	(3,616,032)
Vehicles	(1,480,609)	(209,520)	151,961	(1,538,168)
<i>Total Accumulated Depreciation</i>	<u>(17,991,203)</u>	<u>(1,491,222) *</u>	<u>164,480</u>	<u>(19,317,945)</u>
<i>Total Assets being Depreciated, Net</i>	<u>29,454,933</u>	<u>(1,185,715)</u>	<u>0</u>	<u>28,269,218</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$29,933,044</u>	<u>(\$1,185,715)</u>	<u>\$0</u>	<u>\$28,747,329</u>

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

Instruction:	
Regular	\$672,722
Special	73,568
Vocational	4,776
Support Services:	
Pupil	46,111
Instructional Staff	154,608
Administration	59,767
Fiscal	4,664
Business	865
Operation and Maintenance of Plant	114,653
Pupil Transportation	199,663
Central	15,052
Operation of Non-Instructional Services	8,539
Operation of Food Service	83,385
Extracurricular Activities	52,849
Total Depreciation Expense	<u>\$1,491,222</u>

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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**Note 10 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003, the School District contracted with various insurance companies through the Ohio Schools Council Association insurance program. The following is a summary of the School District's insurance coverage as of June 30, 2003:

<u>Company</u>	<u>Coverage</u>	<u>Amount</u>
Travelers Insurance Company	Boiler and Machinery	\$30,000,000
Indiana Insurance Company	Buildings and Contents - replacement costs	79,292,476
	Inland Marine Coverage	3,234,642
	Crime Insurance	250,000
	Automobile Liability	2,000,000
	Uninsured Motorists	50,000
	General Liability	
	Per occurrence	1,000,000
	Total per year	3,000,000

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

***B. Employee Health Benefits***

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

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

***C. Self-Insurance***

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

The claims liability of \$11,844 reported in the internal service fund at June 30, 2003 is based on the requirements of GASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Current year claims and claims payments for 2003 are significantly less than that of 2002 due to the School District's recent participation in the Suburban Health Consortium, a shared risk pool to provide employee medical/surgical benefits. Changes in the fund's claims liability amount in 2002 and 2003 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2002	\$281,173	\$2,371,760	\$2,641,000	\$11,933
2003	11,933	124,753	124,842	11,844

***D. Workers' Compensation***

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

**Note 11 - Pension Plans**

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

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 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 a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$395,302, \$266,282 and \$194,003 respectively; 56.97 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

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

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

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$2,188,508, \$1,531,929, and \$1,460,414 respectively; 83.29 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$7,698 made by the School District and \$26,905 made by the plan members.

### **Note 12 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate,

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003*

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currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$168,347 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$356,617.

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, 2002, (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

### **Note 13 - Other Employee Benefits**

#### ***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and the treasurer earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and the treasurer upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. All employees who are eligible to retire will receive a severance benefit upon retirement limited to twenty-five percent of the accumulated sick leave to a maximum pay out of eighty days for classified employees and for certain administrators and certified employees, the maximum payout in days is determined by their individual contracts.

#### ***B. Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to most employees from Sun Life Insurance through the Ohio Schools Council.



**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

**Note 14 - Long-Term Obligations**

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

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

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

	<u>Principal Outstanding 6/30/02</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/03</u>	<u>Amounts Due in One Year</u>
<b><i>General Obligation Bonds</i></b>					
1993 School Improvement Bonds					
Capital Appreciation Bonds	\$857,063	\$0	\$235,655	\$621,408	\$221,057
Accretion on Capital Appreciation Bonds	1,077,896	149,907	334,345	893,458	348,943
Current Interest Term Bonds	2,040,000	0	0	2,040,000	0
<b>Total 1993 School Improvement Bonds</b>	<b>3,974,959</b>	<b>149,907</b>	<b>570,000</b>	<b>3,554,866</b>	<b>570,000</b>
1994 School Improvement Bonds					
Current Interest Serial Bonds	2,595,000	0	820,000	1,775,000	865,000
Capital Appreciation Bonds	810,715	0	0	810,715	0
Accretion on Capital Appreciation Bonds	884,951	164,647	0	1,049,598	0
Current Interest Term Bonds	16,410,000	0	0	16,410,000	0
<b>Total 1994 School Improvement Bonds</b>	<b>20,700,666</b>	<b>164,647</b>	<b>820,000</b>	<b>20,045,313</b>	<b>865,000</b>
<b>Total General Obligation Bonds</b>	<b>24,675,625</b>	<b>314,554</b>	<b>1,390,000</b>	<b>23,600,179</b>	<b>1,435,000</b>
<b><i>Other Long-Term Obligations</i></b>					
Compensated Absences	2,992,370	81,560	212,440	2,861,490	173,622
<b>Total General Long - Term Obligations</b>	<b>\$27,667,995</b>	<b>\$396,114</b>	<b>\$1,602,440</b>	<b>\$26,461,669</b>	<b>\$1,608,622</b>

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

The school improvement bonds will be paid from the bond retirement debt service fund. Compensated absences will be paid from the general and food service, title VI-B, preschool grant and class size reduction special revenue funds.

On December 1, 1993, the School District issued \$6,749,994 in voted general obligation bonds for renovations at the North Royalton City Schools. The bonds were issued for a fifteen year period. The bond was originally a 1988 building improvement bond which was refinanced to take advantage of lower interest rates.

On December 1, 1994, the School District issued \$22,756,430 in voted general obligation bonds for the purpose of building a new middle school. The bonds were issued for a twenty-five year period.

The 1993 and 1994 general obligation bonds include capital appreciation bonds. This year the addition on these bonds aggregating \$314,554 represents the accretion of discounted interest. The final maturity of these bonds is \$5,920,000.

The School District's overall debt margin was \$55,413,290 with an unvoted debt margin of \$829,799 at June 30, 2003. Principal and interest requirements to retire the general obligation bonds and asbestos removal loans follow:

	General Obligation Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$0	\$1,147,221	\$865,000	\$46,710	\$221,057	\$348,943
2005	0	1,095,501	910,000	50,050	206,961	363,039
2006	960,000	1,088,727	0	0	193,390	376,610
2007	1,675,000	1,004,611	0	0	0	0
2008	685,000	932,944	0	0	296,594	728,406
2009-2013	4,190,000	4,083,166	0	0	514,121	1,525,879
2014-2018	7,340,000	2,267,091	0	0	0	0
2019-2020	3,600,000	222,955	0	0	0	0
Total	<u>\$18,450,000</u>	<u>\$11,842,216</u>	<u>\$1,775,000</u>	<u>\$96,760</u>	<u>\$1,432,123</u>	<u>\$3,342,877</u>

In 1993, the School District defeased a 1988 building improvement bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2003, \$2,722,063 of bonds outstanding were considered defeased.

**Note 15 – Fund Obligations**

On July 1, 2002 the School District issued a \$2,300,000 property tax revenue anticipation note at an interest rate of 2.27 percent. The note was paid in full on June 25, 2003.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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**Note 16 – Interfund Transaction**

***A. Interfund Transfers***

The general fund made transfers to the athletics special revenue fund of the amount of \$35,500. The reason for the transfer was to help provide funding for fiscal year 2003.

***B. Interfund Balance***

<u>Interfund Payable</u>	<u>Interfund Receivable General</u>
Nonmajor Special Revenue Funds:	
Title VI-B	\$75,000
Title V	8,000
Drug Free Schools	11,000
Reducing Class Size	9,006
<i>Total All Funds</i>	<u><u>\$103,006</u></u>

Interfund receivables and payables are due to the timing of the receipt of grant monies received by the various funds.

**Note 17 - Jointly Governed Organizations**

***Lakeshore Northeast Ohio Computer Association*** – The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau owned and operated by eleven public school districts. The primary function of LNOCA is to provide data services to the eleven member districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the LNOCA Board of Directors by its superintendent. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Directors. The School District paid \$67,978 for fiscal year 2003. Each school district supports LNOCA based upon a per student charge dependent upon the software package used. The Cuyahoga County Education Service Center serves as the fiscal agent of LNOCA. Financial information can be obtained by contacting the Treasurer of fiscal agent at 5700 West Canal Road, Valleyview, OH 44125.

***Cuyahoga Valley Career Center*** - The Cuyahoga Valley Career Center is a joint vocational school which is a jointly governed organization among eleven school districts. Each participating school district appoints one board member to the Cuyahoga Valley Career Center’s Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participants control over the operation of the Cuyahoga Valley Career Center is limited to representation on the board. Continued existence of the Cuyahoga Valley Career Center is not dependent on the School District’s continued participation. The School District made no contribution for fiscal year 2003. Financial information can be obtained from the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio 44101.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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**Ohio Schools Council Association** - The Ohio Schools' Council Association (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2003, the School District paid \$189,299 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Suite 10 Independence, Ohio 44131.

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

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

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

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

### **Note 18 - Contingencies**

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

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

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

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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**Note 19 – Shared Risk Pool**

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

**Note 20 - Set-Aside Calculations**

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2002	(\$336,984)	\$0
Current Year Set-aside Requirement	597,126	597,126
Current Year Offsets	0	0
Qualifying Disbursements	<u>(634,793)</u>	<u>(439,867)</u>
Totals	<u>(\$374,651)</u>	<u>\$157,259</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$374,651)</u>	<u>\$157,259</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$0</u>	<u>\$157,259</u>

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003*

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**Note 21 - State School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have its future State funding and on its financial operations.

**Combining Statements**  
**And**  
**Individual Fund Schedules**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)



## **Combining Statements – Nonmajor Governmental Funds (continued)**

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

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

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

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

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

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

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

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

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

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

### ***Nonmajor Capital Projects Funds***

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

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

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

**North Royalton City School District**

*Combining Balance Sheet*

*Nonmajor Governmental Funds*

*June 30, 2003*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$689,339	\$332,193	\$1,021,532
Intergovernmental Receivable	60,618	0	60,618
Inventory Held for Resale	17,241	0	17,241
Property Taxes Receivable	0	765,659	765,659
<i>Total Assets</i>	<u>\$767,198</u>	<u>\$1,097,852</u>	<u>\$1,865,050</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$97,421	\$910	\$98,331
Accrued Wages	32,223	0	32,223
Contracts Payable	0	46,621	46,621
Interfund Payable	103,006	0	103,006
Intergovernmental Payable	15,169	3	15,172
Deferred Revenue	0	699,412	699,412
<i>Total Liabilities</i>	<u>247,819</u>	<u>746,946</u>	<u>994,765</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	169,642	224,714	394,356
Reserved for Property Taxes	0	66,247	66,247
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	349,737	0	349,737
Capital Projects Funds	0	59,945	59,945
<i>Total Fund Balances</i>	<u>519,379</u>	<u>350,906</u>	<u>870,285</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$767,198</u>	<u>\$1,097,852</u>	<u>\$1,865,050</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2003*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$0	\$646,610	\$646,610
Intergovernmental	1,203,464	155,433	1,358,897
Interest	6,171	0	6,171
Tuition and Fees	78,258	0	78,258
Extracurricular Activities	144,247	0	144,247
Contributions and Donations	78,618	0	78,618
Charges for Services	1,040,802	0	1,040,802
Miscellaneous	23,755	0	23,755
<i>Total Revenues</i>	<u>2,575,315</u>	<u>802,043</u>	<u>3,377,358</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	216,135	0	216,135
Special	84,024	0	84,024
Support Services:			
Pupil	35,685	0	35,685
Instructional Staff	294,058	0	294,058
Administration	16,549	0	16,549
Operation and Maintenance of Plant	65,463	0	65,463
Pupil Transportation	4,948	0	4,948
Operation of Non-Instructional Services	578,151	0	578,151
Operation of Food Service	1,203,507	0	1,203,507
Extracurricular Activities	201,943	0	201,943
Capital Outlay	0	631,320	631,320
<i>Total Expenditures</i>	<u>2,700,463</u>	<u>631,320</u>	<u>3,331,783</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(125,148)	170,723	45,575
<b>Other Financing Sources</b>			
Transfers In	35,500	0	35,500
<i>Net Change in Fund Balances</i>	(89,648)	170,723	81,075
<i>Fund Balances Beginning of Year</i>	<u>609,027</u>	<u>180,183</u>	<u>789,210</u>
<i>Fund Balances End of Year</i>	<u>\$519,379</u>	<u>\$350,906</u>	<u>\$870,285</u>

**North Royalton City School District**

*Combining Balance Sheet*

*Nonmajor Special Revenue Funds*

*June 30, 2003*

	Food Service	Scholarships	Adult Education	Public School Support
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$173,402	\$2,000	\$63,107	\$14,237
Intergovernmental Receivable	0	0	0	0
Inventory Held for Resale	17,241	0	0	0
<i>Total Assets</i>	<u>\$190,643</u>	<u>\$2,000</u>	<u>\$63,107</u>	<u>\$14,237</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$790	\$0	\$0	\$0
Accrued Wages	23,385	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	12,389	0	38	0
<i>Total Liabilities</i>	<u>36,564</u>	<u>0</u>	<u>38</u>	<u>0</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	18,657	0	0	310
Unreserved, Undesignated (Deficit)	135,422	2,000	63,069	13,927
<i>Total Fund Balances (Deficit)</i>	<u>154,079</u>	<u>2,000</u>	<u>63,069</u>	<u>14,237</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$190,643</u>	<u>\$2,000</u>	<u>\$63,107</u>	<u>\$14,237</u>

Local Grants	Athletics	Auxiliary Services	Management Information Systems	Schoolnet Professional Development	Ohio Reads Grant	Entry Year Program Grant
\$115,310	\$75,387	\$127,345	\$10,982	\$3,457	\$7,366	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$115,310</u>	<u>\$75,387</u>	<u>\$127,345</u>	<u>\$10,982</u>	<u>\$3,457</u>	<u>\$7,366</u>	<u>\$0</u>
\$2,386	\$845	\$20,995	\$0	\$189	\$74	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
4	0	0	0	0	78	55
<u>2,390</u>	<u>845</u>	<u>20,995</u>	<u>0</u>	<u>189</u>	<u>152</u>	<u>55</u>
11,699	9,867	105,172	0	735	5,952	0
101,221	64,675	1,178	10,982	2,533	1,262	(55)
<u>112,920</u>	<u>74,542</u>	<u>106,350</u>	<u>10,982</u>	<u>3,268</u>	<u>7,214</u>	<u>(55)</u>
<u>\$115,310</u>	<u>\$75,387</u>	<u>\$127,345</u>	<u>\$10,982</u>	<u>\$3,457</u>	<u>\$7,366</u>	<u>\$0</u>

(continued)

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2003*

	Eisenhower Math and Science Grant	Title VI-B	Refugee Children School	Title V
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$3	\$79,932	\$186	\$9,314
Intergovernmental Receivable	0	38,135	0	2,920
Inventory Held for Resale	0	0	0	0
<i>Total Assets</i>	<u>\$3</u>	<u>\$118,067</u>	<u>\$186</u>	<u>\$12,234</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$69,449	\$0	\$2,693
Accrued Wages	0	1,417	0	0
Interfund Payable	0	75,000	0	8,000
Intergovernmental Payable	0	2,044	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>147,910</u>	<u>0</u>	<u>10,693</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	0	6,441	0	6,385
Unreserved, Undesignated (Deficit)	3	(36,284)	186	(4,844)
<i>Total Fund Balances (Deficit)</i>	<u>3</u>	<u>(29,843)</u>	<u>186</u>	<u>1,541</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3</u>	<u>\$118,067</u>	<u>\$186</u>	<u>\$12,234</u>

Drug Free Schools	Preschool Grant	Class Size Reduction Grant	Assistive Technology Infusion Grant	Total Nonmajor Special Revenue Funds
\$3,835	\$14	\$1,082	\$2,380	\$689,339
5,512	0	14,051	0	60,618
0	0	0	0	17,241
<u>\$9,347</u>	<u>\$14</u>	<u>\$15,133</u>	<u>\$2,380</u>	<u>\$767,198</u>
\$0	\$0	\$0	\$0	\$97,421
0	0	7,421	0	32,223
11,000	0	9,006	0	103,006
71	83	407	0	15,169
<u>11,071</u>	<u>83</u>	<u>16,834</u>	<u>0</u>	<u>247,819</u>
3,608	0	816	0	169,642
(5,332)	(69)	(2,517)	2,380	349,737
<u>(1,724)</u>	<u>(69)</u>	<u>(1,701)</u>	<u>2,380</u>	<u>519,379</u>
<u>\$9,347</u>	<u>\$14</u>	<u>\$15,133</u>	<u>\$2,380</u>	<u>\$767,198</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2003*

	Food Service	Scholarships	Adult Education	Public School Support
<b>Revenues</b>				
Intergovernmental	\$161,945	\$0	\$0	\$0
Interest	3,208	0	0	0
Tuition and Fees	0	0	37,101	502
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	2,000	0	10,479
Charges for Services	1,039,189	0	0	1,613
Miscellaneous	14,808	0	8,172	775
<i>Total Revenues</i>	<u>1,219,150</u>	<u>2,000</u>	<u>45,273</u>	<u>13,369</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	0	43,538	674
Special	0	0	0	0
Support Services:				
Pupil	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0
Operation of Food Service	1,203,507	0	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>1,203,507</u>	<u>0</u>	<u>43,538</u>	<u>674</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	15,643	2,000	1,735	12,695
<b>Other Financing Sources</b>				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	15,643	2,000	1,735	12,695
<i>Fund Balances Beginning of Year</i>	<u>138,436</u>	<u>0</u>	<u>61,334</u>	<u>1,542</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$154,079</u>	<u>\$2,000</u>	<u>\$63,069</u>	<u>\$14,237</u>



Local Grants	Athletics	Auxiliary Services	Management Information Systems	Network Connectivity	Schoolnet Professional Development	Ohio Reads Grant	Entry Year Program Grant
\$0	\$0	\$528,195	\$16,283	\$17,500	\$4,600	\$28,970	\$4,000
0	0	2,963	0	0	0	0	0
0	40,655	0	0	0	0	0	0
0	144,247	0	0	0	0	0	0
51,903	14,236	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
51,903	199,138	531,158	16,283	17,500	4,600	28,970	4,000
6,865	0	0	0	26,637	7,274	25,347	4,702
0	0	0	0	0	0	0	0
0	0	0	21,368	0	0	0	0
27,801	0	0	0	0	250	160	0
0	0	0	0	0	0	0	0
65,463	0	0	0	0	0	0	0
0	0	0	0	0	0	2,777	0
0	0	547,560	0	0	0	0	0
0	0	0	0	0	0	0	0
0	201,943	0	0	0	0	0	0
100,129	201,943	547,560	21,368	26,637	7,524	28,284	4,702
(48,226)	(2,805)	(16,402)	(5,085)	(9,137)	(2,924)	686	(702)
0	35,500	0	0	0	0	0	0
(48,226)	32,695	(16,402)	(5,085)	(9,137)	(2,924)	686	(702)
161,146	41,847	122,752	16,067	9,137	6,192	6,528	647
\$112,920	\$74,542	\$106,350	\$10,982	\$0	\$3,268	\$7,214	(\$55)

(continued)

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	Eisenhower Math Science Grant	Title VI-B	Refugee Children School	Title V
<b>Revenues</b>				
Intergovernmental	\$1,039	\$335,265	\$2,500	\$18,431
Interest	0	0	0	0
Tuition and Fees	0	0	0	0
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Charges for Services	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>1,039</u>	<u>335,265</u>	<u>2,500</u>	<u>18,431</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	19,644	4,680	15,011
Special	0	81,605	0	0
Support Services:				
Pupil	0	2,734	0	0
Instructional Staff	5,216	231,915	0	6,499
Administration	0	16,549	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	2,171	0	0
Operation of Non-Instructional Services	0	21,685	0	8,906
Operation of Food Service	0	0	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>5,216</u>	<u>376,303</u>	<u>4,680</u>	<u>30,416</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,177)	(41,038)	(2,180)	(11,985)
<b>Other Financing Sources</b>				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	(4,177)	(41,038)	(2,180)	(11,985)
<i>Fund Balances Beginning of Year</i>	<u>4,180</u>	<u>11,195</u>	<u>2,366</u>	<u>13,526</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$3</u>	<u>(\$29,843)</u>	<u>\$186</u>	<u>\$1,541</u>

Drug Free Schools	Preschool Grant	Class Size Reduction Grant	Assistive Technology Infusion Grant	Total Nonmajor Special Revenue Funds
\$14,545	\$17,554	\$47,370	\$5,267	\$1,203,464
0	0	0	0	6,171
0	0	0	0	78,258
0	0	0	0	144,247
0	0	0	0	78,618
0	0	0	0	1,040,802
0	0	0	0	23,755
14,545	17,554	47,370	5,267	2,575,315
10,568	0	48,308	2,887	216,135
0	2,419	0	0	84,024
6,889	4,694	0	0	35,685
0	12,836	9,381	0	294,058
0	0	0	0	16,549
0	0	0	0	65,463
0	0	0	0	4,948
0	0	0	0	578,151
0	0	0	0	1,203,507
0	0	0	0	201,943
17,457	19,949	57,689	2,887	2,700,463
(2,912)	(2,395)	(10,319)	2,380	(125,148)
0	0	0	0	35,500
(2,912)	(2,395)	(10,319)	2,380	(89,648)
1,188	2,326	8,618	0	609,027
(\$1,724)	(\$69)	(\$1,701)	\$2,380	\$519,379

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*June 30, 2003*

	Permanent Improvements	School Net Plus	Total Nonmajor Capital Projects Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$327,946	\$4,247	\$332,193
Property Taxes Receivable	765,659	0	765,659
<i>Total Assets</i>	<u>\$1,093,605</u>	<u>\$4,247</u>	<u>\$1,097,852</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$910	\$910
Contracts Payable	46,621	0	46,621
Intergovernmental Payable	0	3	3
Deferred Revenue	699,412	0	699,412
<i>Total Liabilities</i>	<u>746,033</u>	<u>913</u>	<u>746,946</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	224,539	175	224,714
Reserved for Property Taxes	66,247	0	66,247
Unreserved, Undesignated	56,786	3,159	59,945
<i>Total Fund Balances</i>	<u>347,572</u>	<u>3,334</u>	<u>350,906</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,093,605</u>	<u>\$4,247</u>	<u>\$1,097,852</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Fiscal Year Ended June 30, 2003*

	Permanent Improvements	School Net Plus	Total Nonmajor Capital Projects Funds
<b>Revenues</b>			
Property Taxes	\$646,610	\$0	\$646,610
Intergovernmental	92,635	62,798	155,433
<i>Total Revenues</i>	739,245	62,798	802,043
<b>Expenditures</b>			
Capital Outlay	559,356	71,964	631,320
<i>Net Change in Fund Balances</i>	179,889	(9,166)	170,723
<i>Fund Balances Beginning of Year</i>	167,683	12,500	180,183
<i>Fund Balances End of Year</i>	\$347,572	\$3,334	\$350,906

**North Royalton City School District**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For Fiscal Year Ended June 30, 2003*

	Beginning Balance 6/30/02	Additions	Deductions	Ending Balance 6/30/03
<b><i>Student Activity</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$285,380	\$665,870	\$662,979	\$288,271
<b>Liabilities</b>				
Due to Students	\$285,380	\$665,870	\$662,979	\$288,271

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

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$22,486,453	\$23,313,413	\$23,316,594	\$3,181
Intergovernmental	8,493,224	8,805,572	8,806,773	1,201
Interest	79,668	82,599	82,610	11
Tuition and Fees	142,881	148,136	148,156	20
Rentals	32,076	33,255	33,260	5
Extracurricular Activities	125,192	129,796	129,814	18
Contributions and Donations	723	750	750	0
Miscellaneous	180,699	187,344	187,369	25
<i>Total Revenues</i>	<u>31,540,916</u>	<u>32,700,865</u>	<u>32,705,326</u>	<u>4,461</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	10,939,195	11,697,327	11,683,919	13,408
Fringe Benefits	3,789,652	4,054,570	4,044,417	10,153
Purchased Services	107,555	115,072	115,072	0
Materials and Supplies	245,642	262,472	262,472	0
Capital Outlay - New	578	586	586	0
Other	292	312	312	0
Total Regular	<u>15,082,914</u>	<u>16,130,339</u>	<u>16,106,778</u>	<u>23,561</u>
Special:				
Salaries and Wages	1,597,493	1,709,167	1,695,332	13,835
Fringe Benefits	473,434	506,530	488,402	18,128
Purchased Services	950,274	1,001,414	986,526	14,888
Materials and Supplies	11,277	12,065	12,065	0
Total Special	<u>3,032,478</u>	<u>3,229,176</u>	<u>3,182,325</u>	<u>46,851</u>
Vocational:				
Salaries and Wages	75,953	81,262	81,262	0
Fringe Benefits	24,649	26,372	26,372	0
Materials and Supplies	6,238	6,674	6,674	0
Capital Outlay - New	18,149	19,418	19,418	0
Total Vocational	<u>124,989</u>	<u>133,726</u>	<u>133,726</u>	<u>0</u>
Total Instruction	<u>\$18,240,381</u>	<u>\$19,493,241</u>	<u>\$19,422,829</u>	<u>\$70,412</u>

(continued)



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Support Services:				
Pupil:				
Salaries and Wages	\$1,139,940	\$1,219,628	\$1,194,919	\$24,709
Fringe Benefits	375,819	402,091	383,337	18,754
Purchased Services	204,240	217,764	217,764	0
Materials and Supplies	47,750	50,576	50,576	0
Total Pupil	1,767,749	1,890,059	1,846,596	43,463
Instructional Staff:				
Salaries and Wages	1,338,347	1,431,905	1,409,469	22,436
Fringe Benefits	371,536	397,509	386,684	10,825
Purchased Services	10,786	11,495	11,495	0
Materials and Supplies	25,081	26,685	26,685	0
Capital Outlay - Replacement	431	461	461	0
Total Instructional Staff	1,746,181	1,868,055	1,834,794	33,261
Board of Education:				
Salaries and Wages	8,973	9,600	9,600	0
Fringe Benefits	241	258	258	0
Purchased Services	3,324	3,550	3,550	0
Materials and Supplies	243	260	260	0
Other	6,780	7,254	7,254	0
Total Board of Education	19,561	20,922	20,922	0
Administration:				
Salaries and Wages	1,478,609	1,581,972	1,581,972	0
Fringe Benefits	623,840	667,450	667,450	0
Purchased Services	324,472	347,113	284,335	62,778
Materials and Supplies	30,112	31,758	31,758	0
Capital Outlay - New	6,490	6,944	6,944	0
Capital Outlay - Replacement	214	229	229	0
Other	2,897	3,100	3,100	0
Total Administration	\$2,466,634	\$2,638,566	\$2,575,788	\$62,778

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Fiscal:</b>				
Salaries and Wages	\$237,166	\$253,745	\$253,745	\$0
Fringe Benefits	102,231	109,377	109,377	0
Purchased Services	10,576	11,313	11,312	1
Materials and Supplies	5,011	5,361	5,361	0
Capital Outlay - New	3,941	4,216	4,216	0
Other	368,494	394,255	382,605	11,650
<b>Total Fiscal</b>	<b>727,419</b>	<b>778,267</b>	<b>766,616</b>	<b>11,651</b>
<b>Business:</b>				
Salaries and Wages	158,238	169,299	169,230	69
Fringe Benefits	72,906	78,003	78,003	0
Purchased Services	3,873	4,144	4,144	0
Materials and Supplies	398	426	426	0
Capital Outlay - New	3,139	3,358	3,358	0
Other	726	777	777	0
<b>Total Business</b>	<b>239,280</b>	<b>256,007</b>	<b>255,938</b>	<b>69</b>
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	1,186,749	1,269,710	1,255,940	13,770
Fringe Benefits	421,789	451,274	443,512	7,762
Purchased Services	835,304	893,532	893,532	0
Materials and Supplies	221,125	236,297	187,780	48,517
<b>Total Operation and Maintenance of Plant</b>	<b>2,664,967</b>	<b>2,850,813</b>	<b>2,780,764</b>	<b>70,049</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	976,950	1,045,244	1,023,353	21,891
Fringe Benefits	291,057	311,404	307,250	4,154
Purchased Services	427,721	457,617	457,617	0
Materials and Supplies	285,939	305,823	305,823	0
Capital Outlay - Replacement	449	480	480	0
<b>Total Pupil Transportation</b>	<b>\$1,982,116</b>	<b>\$2,120,568</b>	<b>\$2,094,523</b>	<b>\$26,045</b>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Central:				
Salaries and Wages	\$72,590	\$77,665	\$77,665	\$0
Fringe Benefits	5,469	5,851	5,851	0
Purchased Services	144,280	154,347	154,347	0
Materials and Supplies	15,597	16,687	16,687	0
Capital Outlay - New	8,637	9,241	9,241	0
Total Central	246,573	263,791	263,791	0
Total Support Services	11,860,480	12,687,048	12,439,732	247,316
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	25,548	27,334	27,334	0
Fringe Benefits	9,752	10,434	10,434	0
Purchased Services	31,325	33,515	33,515	0
Materials and Supplies	262	280	280	0
Total Operation of Non-Instructional Services	66,887	71,563	71,563	0
Extracurricular Activities:				
Academic Oriented Activities:				
Salaries and Wages	143,768	153,818	153,818	0
Fringe Benefits	1,375	1,471	1,471	0
Total Academic Oriented Activities	145,143	155,289	155,289	0
Sport Oriented Activities:				
Salaries and Wages	388,221	415,360	415,360	0
Fringe Benefits	10,165	10,876	10,876	0
Purchased Services	20,186	21,597	21,597	0
Total Sport Oriented Activities	418,572	447,833	447,833	0
Total Extracurricular Activities	\$563,715	\$603,122	\$603,122	\$0

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Debt Service:				
Principal Retirement	\$2,149,722	\$2,300,000	\$2,300,000	\$0
Interest and Fiscal Charges	1,569	1,677	1,677	0
<b>Total Debt Service</b>	<b>2,151,291</b>	<b>2,301,677</b>	<b>2,301,677</b>	<b>0</b>
<i>Total Expenditures</i>	<i>32,882,754</i>	<i>35,156,651</i>	<i>34,838,923</i>	<i>317,728</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(1,341,838)</i>	<i>(2,455,786)</i>	<i>(2,133,597)</i>	<i>322,189</i>
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	2,216,917	2,299,686	2,300,000	314
Proceeds from Sale of Capital Assets	4,541	22,341	22,344	3
Advances Out	(96,270)	(103,000)	(103,000)	0
Transfers Out	(33,180)	(35,500)	(35,500)	0
<b>Total Other Financing Sources (Uses)</b>	<b>2,092,008</b>	<b>2,183,527</b>	<b>2,183,844</b>	<b>317</b>
<i>Net Change in Fund Balance</i>	<i>750,170</i>	<i>(272,259)</i>	<i>50,247</i>	<i>322,506</i>
<i>Fund Balance Beginning of Year</i>	<i>310,942</i>	<i>310,942</i>	<i>310,942</i>	<i>0</i>
Prior Year Encumbrances Appropriated	260,563	260,563	260,563	0
<b>Fund Balance (Deficit) End of Year</b>	<b>\$1,321,675</b>	<b>\$299,246</b>	<b>\$621,752</b>	<b>\$322,506</b>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$2,423,896	\$2,450,000	\$2,450,000	\$0
Intergovernmental	311,605	314,961	314,961	0
<i>Total Revenues</i>	<u>2,735,501</u>	<u>2,764,961</u>	<u>2,764,961</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	40,000	40,000	31,177	8,823
Debt Service:				
Principal Retirement	1,390,000	1,390,000	1,390,000	0
Interest and Fiscal Charges	1,270,000	1,270,000	1,239,016	30,984
<i>Total Debt Service</i>	<u>2,660,000</u>	<u>2,660,000</u>	<u>2,629,016</u>	<u>30,984</u>
<i>Total Expenditures</i>	<u>2,700,000</u>	<u>2,700,000</u>	<u>2,660,193</u>	<u>39,807</u>
<i>Net Change in Fund Balance</i>	35,501	64,961	104,768	39,807
<i>Fund Balance Beginning of Year</i>	<u>2,059,059</u>	<u>2,059,059</u>	<u>2,059,059</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,094,560</u>	<u>\$2,124,020</u>	<u>\$2,163,827</u>	<u>\$39,807</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$111,022	\$107,629	\$107,718	\$89
Interest	3,305	3,205	3,208	3
Charges for Services	1,050,480	1,038,350	1,039,189	839
Miscellaneous	15,193	14,798	14,808	10
<i>Total Revenues</i>	<u>1,180,000</u>	<u>1,163,982</u>	<u>1,164,923</u>	<u>941</u>
<b>Expenditures</b>				
Current:				
Operation of Food Service:				
Salaries and Wages	414,076	414,076	386,372	27,704
Fringe Benefits	172,022	172,022	172,022	0
Purchased Services	14,540	14,540	14,539	1
Materials and Supplies	569,057	569,057	569,057	0
Capital Outlay - New	12,032	12,032	12,032	0
Capital Outlay - Replacement	21,545	21,545	21,545	0
<i>Total Expenditures</i>	<u>1,203,272</u>	<u>1,203,272</u>	<u>1,175,567</u>	<u>27,705</u>
<i>Net Change in Fund Balance</i>	(23,272)	(39,290)	(10,644)	28,646
<i>Fund Balance Beginning of Year</i>	161,052	161,052	161,052	0
Prior Year Encumbrances Appropriated	<u>3,272</u>	<u>3,272</u>	<u>3,272</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$141,052</u>	<u>\$125,034</u>	<u>\$153,680</u>	<u>\$28,646</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Scholarships Fund*  
*For the Fiscal Year Ended June 30, 2003*

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

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Adult Education Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Tuition and Fees	\$58,755	\$37,511	\$37,101	(\$410)
Miscellaneous	16,245	8,262	8,172	(90)
<i>Total Revenues</i>	<u>75,000</u>	<u>45,773</u>	<u>45,273</u>	<u>(500)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	67,092	67,092	40,952	26,140
Fringe Benefits	542	542	542	0
Purchased Services	585	585	585	0
Materials and Supplies	1,781	1,781	1,781	0
<i>Total Expenditures</i>	<u>70,000</u>	<u>70,000</u>	<u>43,860</u>	<u>26,140</u>
<i>Net Change in Fund Balance</i>	5,000	(24,227)	1,413	25,640
<i>Fund Balance Beginning of Year</i>	<u>61,694</u>	<u>61,694</u>	<u>61,694</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$66,694</u></u>	<u><u>\$37,467</u></u>	<u><u>\$63,107</u></u>	<u><u>\$25,640</u></u>



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Public School Support Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Tuition and Fees	\$9,537	\$502	\$502	\$0
Contributions and Donations	195,097	10,479	10,479	0
Charges for Services	30,643	1,613	1,613	0
Miscellaneous	14,723	775	775	0
<i>Total Revenues</i>	<u>250,000</u>	<u>13,369</u>	<u>13,369</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	13,000	78	78	0
Materials and Supplies	83,833	500	496	4
Capital Outlay - New	137,000	822	310	512
Other	16,667	100	100	0
<i>Total Expenditures</i>	<u>250,500</u>	<u>1,500</u>	<u>984</u>	<u>516</u>
<i>Net Change in Fund Balance</i>	(500)	11,869	12,385	516
<i>Fund Balance Beginning of Year</i>	<u>1,542</u>	<u>1,542</u>	<u>1,542</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,042</u>	<u>\$13,411</u>	<u>\$13,927</u>	<u>\$516</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Local Grants Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions and Donations	\$80,000	\$51,903	\$51,903	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	314	320	320	0
Purchased Services	4,484	4,570	4,570	0
Materials and Supplies	1,937	1,975	1,975	0
Total Instruction	6,735	6,865	6,865	0
Support Services:				
Instructional Staff:				
Capital Outlay - New	30,219	30,801	30,801	0
Operation and Maintenance of Plant:				
Purchased Services	3,512	3,580	3,580	0
Materials and Supplies	145,391	148,133	46,263	101,870
Capital Outlay - New	22,647	23,082	23,082	0
Total Operation and Maintenance of Plant	171,550	174,795	72,925	101,870
Total Support Services	201,769	205,596	103,726	101,870
<i>Total Expenditures</i>	208,504	212,461	110,591	101,870
<i>Net Change in Fund Balance</i>	(128,504)	(160,558)	(58,688)	101,870
<i>Fund Balance Beginning of Year</i>	158,559	158,559	158,559	0
Prior Year Encumbrances Appropriated	3,192	3,192	3,192	0
<i>Fund Balance End of Year</i>	\$33,247	\$1,193	\$103,063	\$101,870

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Athletics Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Tuition and Fees	\$47,875	\$40,608	\$40,655	\$47
Extracurricular Activities	144,861	144,078	144,247	169
Contributions and Donations	16,764	14,219	14,236	17
<i>Total Revenues</i>	<u>209,500</u>	<u>198,905</u>	<u>199,138</u>	<u>233</u>
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Operating of Oriented Activities				
Materials and Supplies	3,036	3,036	3,036	0
Capital Outlay - New	757	757	757	0
Other	576	576	576	0
Total Operating of Oriented Activities	<u>4,369</u>	<u>4,369</u>	<u>4,369</u>	<u>0</u>
Sport Oriented Activities:				
Purchased Services	42,376	42,376	42,376	0
Materials and Supplies	41,640	41,640	41,640	0
Capital Outlay - New	23,214	23,215	23,215	0
Other	173,014	173,013	126,264	46,749
Total Sport Oriented Activities	<u>280,244</u>	<u>280,244</u>	<u>233,495</u>	<u>46,749</u>
<i>Total Expenditures</i>	<u>284,613</u>	<u>284,613</u>	<u>237,864</u>	<u>46,749</u>
<i>Excess of Revenues Under Expenditures</i>	(75,113)	(85,708)	(38,726)	46,982
<b>Other Financing Sources</b>				
Transfers In	35,500	35,500	35,500	0
<i>Net Change in Fund Balance</i>	(39,613)	(50,208)	(3,226)	46,982
<i>Fund Balance Beginning of Year</i>	53,633	53,633	53,633	0
Prior Year Encumbrances Appropriated	14,613	14,613	14,613	0
<i>Fund Balance End of Year</i>	<u>\$28,633</u>	<u>\$18,038</u>	<u>\$65,020</u>	<u>\$46,982</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Auxiliary Services Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$517,037	\$528,195	\$528,195	\$0
Interest	2,963	2,963	2,963	0
<i>Total Revenues</i>	<u>520,000</u>	<u>531,158</u>	<u>531,158</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	85,535	255,241	255,241	0
Materials and Supplies	208,235	407,902	406,724	1,178
Capital Outlay - New	22,225	67,738	67,738	0
<i>Total Expenditures</i>	<u>315,995</u>	<u>730,881</u>	<u>729,703</u>	<u>1,178</u>
<i>Net Change in Fund Balance</i>	204,005	(199,723)	(198,545)	1,178
<i>Fund Balance Beginning of Year</i>	83,451	83,451	83,451	0
Prior Year Encumbrances Appropriated	<u>116,272</u>	<u>116,272</u>	<u>116,272</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$403,728</u>	<u>\$0</u>	<u>\$1,178</u>	<u>\$1,178</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Management Information Systems Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	<u>\$17,000</u>	<u>\$16,283</u>	<u>\$16,283</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Purchased Services	3,407	5,302	5,302	0
Materials and Supplies	<u>12,659</u>	<u>19,698</u>	<u>16,066</u>	<u>3,632</u>
<i>Total Expenditures</i>	<u>16,066</u>	<u>25,000</u>	<u>21,368</u>	<u>3,632</u>
<i>Net Change in Fund Balance</i>	934	(8,717)	(5,085)	3,632
<i>Fund Balance Beginning of Year</i>	<u>16,067</u>	<u>16,067</u>	<u>16,067</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$17,001</u></u>	<u><u>\$7,350</u></u>	<u><u>\$10,982</u></u>	<u><u>\$3,632</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Network Connectivity Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$18,000	\$17,500	\$17,500	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	<u>9,136</u>	<u>26,636</u>	<u>26,636</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	8,864	(9,136)	(9,136)	0
<i>Fund Balance Beginning of Year</i>	<u>9,136</u>	<u>9,136</u>	<u>9,136</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$18,000</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Schoolnet Professional Development Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$9,000	\$4,600	\$4,600	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	507	875	875	0
Purchased Services	5,749	9,856	7,323	2,533
Total Instruction	6,256	10,731	8,198	2,533
Support Services:				
Instructional Staff:				
Salaries and Wages	42	72	72	0
<i>Total Expenditures</i>	6,298	10,803	8,270	2,533
<i>Net Change in Fund Balance</i>	2,702	(6,203)	(3,670)	2,533
<i>Fund Balance Beginning of Year</i>	6,109	6,109	6,109	0
Prior Year Encumbrances Appropriated	94	94	94	0
<i>Fund Balance End of Year</i>	<u>\$8,905</u>	<u>\$0</u>	<u>\$2,533</u>	<u>\$2,533</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Ohio Reads Grant Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$30,000	\$28,970	\$28,970	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	4,040	4,856	4,856	0
Purchased Services	3,350	4,026	4,026	0
Materials and Supplies	19,784	23,774	22,434	1,340
Total Instruction	27,174	32,656	31,316	1,340
Support Services:				
Instructional Staff:				
Salaries and Wages	107	129	129	0
Pupil Transportation:				
Salaries and Wages	2,340	2,813	2,813	0
Total Support Services	2,447	2,942	2,942	0
<i>Total Expenditures</i>	29,621	35,598	34,258	1,340
<i>Net Change in Fund Balance</i>	379	(6,628)	(5,288)	1,340
<i>Fund Balance Beginning of Year</i>	6,605	6,605	6,605	0
Prior Year Encumbrances Appropriated	23	23	23	0
<i>Fund Balance End of Year</i>	\$7,007	\$0	\$1,340	\$1,340



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Entry Year Program Grant Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$30,000	\$4,000	\$4,000	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	969	4,969	4,969	0
<i>Net Change in Fund Balance</i>	29,031	(969)	(969)	0
<i>Fund Balance Beginning of Year</i>	969	969	969	0
<i>Fund Balance End of Year</i>	<u>\$30,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Eisenhower Math and Science Grant Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$15,000	\$1,039	\$1,039	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	4	4	4	0
Purchased Services	3,575	3,476	3,473	3
Materials and Supplies	1,798	1,746	1,746	0
<i>Total Expenditures</i>	<u>5,377</u>	<u>5,226</u>	<u>5,223</u>	<u>3</u>
<i>Net Change in Fund Balance</i>	9,623	(4,187)	(4,184)	3
<i>Fund Balance Beginning of Year</i>	4,061	4,061	4,061	0
Prior Year Encumbrances Appropriated	<u>126</u>	<u>126</u>	<u>126</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$13,810</u></u>	<u><u>\$0</u></u>	<u><u>\$3</u></u>	<u><u>\$3</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$253,702	\$297,130	\$297,130	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	1,658	17,275	17,275	0
Materials and Supplies	72	759	759	0
Total Regular	1,730	18,034	18,034	0
Special:				
Salaries and Wages	807	8,405	8,405	0
Materials and Supplies	7,628	79,503	79,503	0
Total Special	8,435	87,908	87,908	0
Total Instruction	10,165	105,942	105,942	0
Support Services:				
Pupil:				
Salaries and Wages	232	2,418	2,418	0
Materials and Supplies	38	397	397	0
Total Pupil	270	2,815	2,815	0
Instructional Staff:				
Salaries and Wages	21,472	223,789	223,789	0
Purchased Services	442	4,600	4,600	0
Capital Outlay - New	273	2,845	2,845	0
Total Instructional Staff	22,187	231,234	231,234	0
Administration:				
Salaries and Wages	1,427	14,876	14,876	0
Fringe Benefits	149	1,554	1,554	0
Total Administration	1,576	16,430	16,430	0
Pupil Transportation:				
Purchased Services	209	2,171	2,171	0
Total Support Services	\$24,242	\$252,650	\$252,650	\$0

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Fund (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	\$2,394	\$24,953	\$21,542	\$3,411
<i>Total Expenditures</i>	<u>36,801</u>	<u>383,545</u>	<u>380,134</u>	<u>3,411</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	216,901	(86,415)	(83,004)	3,411
<b>Other Financing Sources</b>				
Advances In	46,298	75,000	75,000	0
<i>Net Change in Fund Balance</i>	263,199	(11,415)	(8,004)	3,411
<i>Fund Balance Beginning of Year</i>	<u>12,046</u>	<u>12,046</u>	<u>12,046</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$275,245</u>	<u>\$631</u>	<u>\$4,042</u>	<u>\$3,411</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Refugee Children School Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$4,000	\$2,500	\$2,500	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	1,248	2,566	2,566	0
Capital Outlay - New	1,118	2,300	2,114	186
<i>Total Expenditures</i>	2,366	4,866	4,680	186
<i>Net Change in Fund Balance</i>	1,634	(2,366)	(2,180)	186
<i>Fund Balance Beginning of Year</i>	2,366	2,366	2,366	0
<i>Fund Balance End of Year</i>	\$4,000	\$0	\$186	\$186

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title V Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$25,000	\$15,511	\$15,511	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	827	1,186	1,186	0
Fringe Benefits	0	0	0	0
Purchased Services	285	408	408	0
Materials and Supplies	11,449	16,415	16,415	0
Capital Outlay - New	1,275	1,828	1,828	0
Other	25	36	36	0
Total Instruction	13,861	19,873	19,873	0
Support Services:				
Instructional Staff:				
Purchased Services	2,728	3,911	3,911	0
Materials and Supplies	2,621	3,759	3,539	220
Total Support Services	5,349	7,670	7,450	220
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	3,379	4,845	4,844	1
Capital Outlay - New	3,235	4,638	4,638	0
Total Operation of Non-Instructional Services	6,614	9,483	9,482	1
<i>Total Expenditures</i>	25,824	37,026	36,805	221
<i>Excess of Revenues Under Expenditures</i>	(824)	(21,515)	(21,294)	221
<b>Other Financing Sources</b>				
Advances In	8,000	8,000	8,000	0
<i>Net Change in Fund Balance</i>	7,176	(13,515)	(13,294)	221
<i>Fund Balance Beginning of Year</i>	13,530	13,530	13,530	0
<i>Fund Balance End of Year</i>	\$20,706	\$15	\$236	\$221

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Drug Free Schools Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$9,697	\$9,033	\$9,033	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	2,722	5,436	5,434	2
Materials and Supplies	4,309	9,956	8,751	1,205
Total Instruction	7,031	15,392	14,185	1,207
Support Services:				
Pupil:				
Salaries and Wages	2,766	6,391	6,391	0
Materials and Supplies	215	498	498	0
Total Support Services	2,981	6,889	6,889	0
<i>Total Expenditures</i>	10,012	22,281	21,074	1,207
<i>Excess of Revenues Under Expenditures</i>	(315)	(13,248)	(12,041)	1,207
<b>Other Financing Sources</b>				
Advances In	8,303	11,000	11,000	0
<i>Net Change in Fund Balance</i>	7,988	(2,248)	(1,041)	1,207
<i>Fund Balance Beginning of Year</i>	617	617	617	0
Prior Year Encumbrances Appropriated	651	651	651	0
<i>Fund Balance (Deficit) End of Year</i>	\$9,256	(\$980)	\$227	\$1,207

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Preschool Grant Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$19,000	\$17,554	\$17,554	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Materials and Supplies	100	824	824	0
Capital Outlay - New	194	1,595	1,595	0
Total Instruction	294	2,419	2,419	0
Support Services:				
Pupil:				
Purchased Services	572	4,708	4,694	14
Instructional Staff:				
Salaries and Wages	1,562	12,855	12,855	0
Total Support Services	2,134	17,563	17,549	14
<i>Total Expenditures</i>	2,428	19,982	19,968	14
<i>Net Change in Fund Balance</i>	16,572	(2,428)	(2,414)	14
<i>Fund Balance Beginning of Year</i>	2,428	2,428	2,428	0
<i>Fund Balance End of Year</i>	\$19,000	\$0	\$14	\$14



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Class Size Reduction Grant Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$33,344	\$33,319	\$33,319	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	7,454	35,369	35,369	0
Fringe Benefits	1,139	5,407	5,407	0
Total Instruction	8,593	40,776	40,776	0
Support Services:				
Instructional Staff:				
Purchased Services	2,155	10,224	10,197	27
Total Expenditures	10,748	51,000	50,973	27
Excess of Revenues Over (Under) Expenditures	22,596	(17,681)	(17,654)	27
<b>Other Financing Sources</b>				
Advances In	7,656	9,000	9,000	0
Net Change in Fund Balance	30,252	(8,681)	(8,654)	27
Fund Balance Beginning of Year	8,920	8,920	8,920	0
Fund Balance End of Year	<u>\$39,172</u>	<u>\$239</u>	<u>\$266</u>	<u>\$27</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Assistive Technology Infusion Grant Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$5,267	\$5,267	\$5,267	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	91	91	91	0
Capital Outlay - New	2,796	2,796	2,796	0
<i>Total Expenditures</i>	2,887	2,887	2,887	0
<i>Net Change in Fund Balance</i>	2,380	2,380	2,380	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$2,380</u>	<u>\$2,380</u>	<u>\$2,380</u>	<u>\$0</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvements Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$712,911	\$720,588	\$720,588	\$0
Intergovernmental	91,648	92,635	92,635	\$0
<i>Total Revenues</i>	<u>804,559</u>	<u>813,223</u>	<u>813,223</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	178,608	178,608	178,608	0
Capital Outlay - New	143,339	143,339	143,339	0
Capital Outlay - Replacement	390,461	390,461	390,461	0
Total Regular	<u>712,408</u>	<u>712,408</u>	<u>712,408</u>	<u>0</u>
Special:				
Capital Outlay - New	10,315	10,315	10,315	0
Total Instruction	<u>722,723</u>	<u>722,723</u>	<u>722,723</u>	<u>0</u>
Support Services:				
Administration:				
Purchased Services	27,564	27,564	27,564	0
Capital Outlay - New	3,583	3,583	3,583	0
Total Administration	<u>31,147</u>	<u>31,147</u>	<u>31,147</u>	<u>0</u>
Fiscal:				
Capital Outlay - New	9,170	9,170	9,170	0
Operation and Maintenance of Plant:				
Purchased Services	31,456	31,456	2,589	28,867
Materials and Supplies	3,344	3,344	3,344	0
Capital Outlay - New	6,050	6,050	6,050	0
Total Operation and Maintenance of Plant	<u>40,850</u>	<u>40,850</u>	<u>11,983</u>	<u>28,867</u>
Pupil Transportation:				
Capital Outlay - New	3,442	3,442	3,442	0
Total Support Services	<u>\$84,609</u>	<u>\$84,609</u>	<u>\$55,742</u>	<u>\$28,867</u>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvements Fund (continued)*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Capital Outlay:				
Site Acquisition Services:				
Capital Outlay - Replacement	\$23,924	\$23,924	\$23,924	\$0
<i>Total Expenditures</i>	<u>831,256</u>	<u>831,256</u>	<u>802,389</u>	<u>28,867</u>
<i>Net Change in Fund Balance</i>	(26,697)	(18,033)	10,834	28,867
<i>Fund Balance Beginning of Year</i>	14,070	14,070	14,070	0
Prior Year Encumbrances Appropriated	<u>31,257</u>	<u>31,257</u>	<u>31,257</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$18,630</u></u>	<u><u>\$27,294</u></u>	<u><u>\$56,161</u></u>	<u><u>\$28,867</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*School Net Plus Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$110,000	\$62,798	\$62,798	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	<u>75,298</u>	<u>75,298</u>	<u>71,511</u>	<u>3,787</u>
<i>Net Change in Fund Balance</i>	34,702	(12,500)	(8,713)	3,787
<i>Fund Balance Beginning of Year</i>	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$47,202</u></u>	<u><u>\$0</u></u>	<u><u>\$3,787</u></u>	<u><u>\$3,787</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Self Insurance Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	<u>\$500,000</u>	<u>\$365,563</u>	<u>\$149,367</u>	<u>(\$216,196)</u>
<b>Expenses</b>				
Purchased Services	10,807	7,565	2,756	4,809
Claims	<u>489,193</u>	<u>342,435</u>	<u>124,753</u>	<u>217,682</u>
<i>Total Expenses</i>	<u>500,000</u>	<u>350,000</u>	<u>127,509</u>	<u>222,491</u>
<i>Net Change in Fund Equity</i>	0	15,563	21,858	6,295
<i>Fund Equity Beginning of Year</i>	<u>41,086</u>	<u>41,086</u>	<u>41,086</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$41,086</u></u>	<u><u>\$56,649</u></u>	<u><u>\$62,944</u></u>	<u><u>\$6,295</u></u>

## **Statistical Section**

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

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

	2003	2002	2001	2000
<b>Revenues</b>				
Property Taxes	\$24,186,901	\$28,737,806	\$23,556,926	\$21,489,911
Intergovernmental	10,480,631	10,286,408	9,294,779	8,427,372
Interest	88,781	139,229	344,644	362,541
Tuition and Fees	174,784	273,604	189,970	11,257
Rentals	33,260	34,730	54,891	0
Extracurricular Activities	274,061	203,585	172,601	0
Contributions and Donations	79,368	68,922	106,932	0
Charges for Services	1,040,802	1,507	2,382	154,521
Miscellaneous	211,124	97,354	153,870	231,266
<i>Total</i>	<u>\$36,569,712</u>	<u>\$39,843,145</u>	<u>\$33,876,995</u>	<u>\$30,676,868</u>
<b>Expenditures</b>				
Current:				
Instruction: (3)				
Regular	\$16,301,818	\$16,278,635	\$15,183,731	\$16,878,389
Special	2,882,418	2,980,258	2,347,636	0
Vocational	174,975	126,076	120,029	0
Support Services:				
Pupil	1,810,813	1,947,784	1,678,325	1,532,063
Instructional Staff	2,089,874	2,107,635	1,860,622	1,743,107
Board of Education	18,060	19,469	0	0
Administration	2,670,552	2,913,381	2,659,073	2,355,345
Fiscal	773,273	820,527	694,690	963,201
Business	215,157	213,961	248,541	0
Operation and Maintenance of Plant	2,801,943	2,901,312	2,737,232	2,734,729
Pupil Transportation	2,014,230	2,240,886	2,039,885	2,129,235
Central	253,322	222,259	95,031	120,075
Operation of Non-Instructional Service	650,522	641,489	482,556	468,777
Operation of Food Service	1,203,507	0	0	0
Extracurricular Activities	809,598	746,566	760,587	667,421
Capital Outlay	631,320	817,988	1,013,733	357,399
Debt Service	2,630,693	2,630,896	2,627,570	2,628,381
<i>Total</i>	<u>\$37,932,075</u>	<u>\$37,609,122</u>	<u>\$34,549,241</u>	<u>\$32,578,122</u>

Source: School District Financial Records

- (1) Includes general, special revenue, debt service and capital projects funds.
- (2) Information is based on modified accrual. Information for full accrual will be presented when there are enough years of information to make comparisons.
- (3) Instruction expenditures function is shown in total for year 1994 through 2000.



1999	1998	1997	1996	1995	1994
\$23,299,237	\$21,232,486	\$18,086,766	\$17,794,411	\$16,187,081	\$15,291,045
7,875,351	7,430,767	5,935,362	5,814,801	4,693,127	4,267,899
326,446	54,144	387,296	874,204	1,652,905	228,820
110,366	109,568	11,768	15,502	12,578	17,606
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
150,352	330,427	397,376	335,161	305,424	91,986
331,467	306,244	131,154	179,683	184,087	208,131
<u>\$32,093,219</u>	<u>\$29,463,636</u>	<u>\$24,949,722</u>	<u>\$25,013,762</u>	<u>\$23,035,202</u>	<u>\$20,105,487</u>
\$15,007,639	\$14,752,943	\$12,073,811	\$12,463,984	\$11,800,964	\$11,068,297
0	0	0	0	0	0
0	0	0	0	0	0
1,444,322	1,369,624	1,169,234	1,136,284	1,059,150	1,138,704
1,501,589	1,389,717	1,292,299	1,196,853	1,094,519	1,003,525
0	0	0	0	0	0
2,256,472	2,167,487	1,677,414	1,674,024	1,703,433	1,546,096
853,059	874,363	790,110	685,421	667,945	709,357
0	0	0	0	0	0
2,626,710	2,420,020	2,206,240	1,756,238	1,708,288	1,792,481
1,960,510	2,027,482	1,851,817	1,446,606	1,231,741	1,307,305
93,740	75,275	94,981	73,996	64,655	57,280
502,770	394,542	615,088	606,865	213,874	176,999
0	0	0	0	0	0
432,962	524,180	485,803	470,596	447,098	359,552
693,582	1,278,864	4,375,662	14,032,945	5,945,814	393,190
2,764,050	2,778,644	2,789,099	2,100,635	26,266,636	949,816
<u>\$30,137,405</u>	<u>\$30,053,141</u>	<u>\$29,421,558</u>	<u>\$37,644,447</u>	<u>\$52,204,117</u>	<u>\$20,502,602</u>

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

Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Levy Collected	Delinquent Tax Collections	Total Tax Collections
2002	\$28,751,361	\$27,596,484	96.0%	\$784,292	\$28,380,776
2001	27,755,925	26,898,677	96.9	600,751	27,499,428
2000	27,405,644	25,952,337	94.7	485,133	26,437,470
1999	25,670,639	24,888,533	97.0	515,750	25,404,283
1998	24,343,994	23,872,162	98.1	383,286	24,255,448
1997	22,649,597	22,236,039	98.2	396,780	22,632,819
1996	18,940,161	18,688,226	98.7	259,353	18,947,579
1995	18,514,116	18,313,119	98.9	166,674	18,479,793
1994	17,029,159	16,862,090	99.0	310,214	17,172,304
1993	16,134,365	15,922,382	98.7	230,934	16,153,316

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2003 information cannot be presented because all collections have not been made by June 30.

Ratio of Total Collections To Total Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Levy
98.7 %	\$1,100,619	3.8 %
99.1	992,869	3.6
96.5	878,765	3.2
99.0	694,072	2.7
99.6	839,932	3.5
99.9	672,884	3.0
100.0	705,356	3.7
99.8	657,288	3.6
100.8	580,786	3.4
100.1	770,145	4.8

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

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2003	\$778,973,800	\$2,225,639,429	\$20,709,590	\$23,533,625
2002	747,328,780	2,135,225,086	21,240,630	24,137,080
2001	724,345,800	2,069,559,429	25,459,179	28,930,885
2000	629,283,360	1,797,952,457	28,486,370	32,370,875
1999	605,258,530	1,729,310,086	31,814,060	36,152,341
1998	569,889,100	1,628,254,571	31,264,190	35,527,489
1997	517,284,940	1,477,956,971	31,381,960	35,661,318
1996	497,448,980	1,421,282,800	31,032,130	35,263,784
1995	476,949,520	1,362,712,914	34,894,100	39,652,386
1994	415,559,800	1,187,313,714	66,138,150	75,156,989

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

- (1) This amount is calculated based on the following percentages:  
 Real estate is assessed at 35 percent of actual value.  
 Public utility personal is assessed at 88 percent of actual value.  
 Tangible personal property is assessed at 25 percent of actual value for capital assets and 24 percent for inventory.

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Ratio
\$30,116,086	\$120,464,344	\$829,799,476	\$2,369,637,398	35%
30,539,440	122,157,760	799,108,850	2,281,519,926	35
26,445,510	105,782,040	776,250,489	2,204,272,354	35
24,721,996	98,887,984	682,491,726	1,929,211,316	35
21,230,513	84,922,052	658,303,103	1,850,384,479	36
21,442,254	85,769,016	622,595,544	1,749,551,076	36
19,879,434	79,517,736	568,546,334	1,593,136,026	36
18,682,932	74,731,728	547,164,042	1,531,278,312	36
17,064,991	68,259,964	528,908,611	1,470,625,265	36
17,136,598	68,546,392	498,834,548	1,331,017,095	37

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

Year	North Royalton City School District			Cuyahoga Valley Career Center	County Levy
	General Fund	Bond Retirement	Total		
2003	\$60.10	\$3.40	\$63.50	\$2.00	\$17.60
2002	54.80	3.40	58.20	2.00	17.60
2001	55.10	3.60	58.70	2.00	17.60
2000	56.50	4.20	60.70	2.00	16.70
1999	57.00	4.40	61.40	2.00	18.00
1998	57.40	4.70	62.10	2.00	18.00
1997	58.20	5.10	63.30	2.00	18.00
1996	52.80	5.30	58.10	2.00	18.00
1995	53.00	5.20	58.20	2.00	18.20
1994	53.44	2.16	55.60	2.00	17.80

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

Residents of North Royalton		Residents of Broadview Heights	
City Levy	Total Levy	County Levy	City Levy
\$8.20	\$91.30	\$9.40	\$92.50
8.20	86.00	9.40	87.20
8.20	86.50	9.40	87.70
8.30	87.70	9.40	88.80
8.30	89.70	9.40	90.80
8.30	90.40	9.40	91.50
8.30	91.60	9.40	92.70
8.30	86.40	9.40	87.50
8.40	86.80	8.40	86.80
7.90	83.30	6.30	81.70

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

Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2003	\$19,268,663	\$829,799,476	30,654	2.32 %	\$628.59
2002	22,139,714	799,108,850	30,654	2.77	722.25
2001	24,126,138	776,250,489	30,559	3.11	789.49
2000	23,275,072	682,491,726	29,006	3.41	802.42
1999	24,756,125	658,303,103	29,006	3.76	853.48
1998	26,000,715	622,595,544	29,006	4.18	896.39
1997	27,362,554	568,546,334	28,680	4.81	954.06
1996	28,620,937	547,164,042	27,050	5.23	1,058.08
1995	30,122,929	528,908,611	27,050	5.70	1,113.60
1994	6,289,829	498,834,548	24,830	1.26	253.32

Source:

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



**North Royalton City School District**

*Computation of Legal Debt Margin*

*June 30, 2003*

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Assessed Valuation	<u><u>\$829,799,476</u></u>
Debt Limit - 9% of Assessed Value (1)	\$74,681,953
Outstanding Debt:	
General Obligation Bonds	20,225,000
Capital Appreciation Bonds	1,432,123
Less: Amount Available in Debt Service Fund	<u>(2,388,460)</u>
Amount of Debt Subject Limit	<u>19,268,663</u>
Overall Debt Margin	<u><u>\$55,413,290</u></u>
Debt Limit - .10% of Assessed Value (1)	\$829,799
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u><u>\$829,799</u></u>

Source: Cuyahoga County Auditor and School District Financial Records.

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

**North Royalton City School District**  
*Computation of Direct and Overlapping General Obligation Bonded Debt*  
 December 31, 2002

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
<b><u>Direct</u></b>			
North Royalton City School District	\$23,600,179	100.00%	\$23,600,179
<b><u>Overlapping</u></b>			
City of North Royalton	4,422,000	86.05	3,805,131
City of Broadview Heights	8,368,812	13.95	1,167,449
Cuyahoga County	200,162,636	2.90	5,804,716
Regional Transit Authority	136,310,000	2.90	3,952,990
Total Overlapping	349,263,448		14,730,286
Total	\$372,863,627		\$38,330,465

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2002 collection year.

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

Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Governmental Expenditures (Percentage)
2003	\$1,390,000	\$1,239,016	\$2,629,016	\$37,932,075	6.93%
2002	1,350,000	1,280,896	2,630,896	37,609,122	7.00
2001	1,295,000	1,332,570	2,627,570	34,549,241	7.61
2000	1,235,000	1,393,131	2,628,131	32,578,122	8.07
1999	1,310,000	1,453,300	2,763,300	30,137,405	9.17
1998	1,265,000	1,513,394	2,778,394	30,053,141	9.24
1997	1,220,000	1,568,599	2,788,599	29,421,558	9.48
1996	455,000	1,605,885	2,060,885	37,644,447	5.47
1995	420,000	1,510,414	1,930,414	52,204,117	3.70
1994	615,000	292,488	907,488	20,502,602	4.43

Source: School District Financial Records.

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

Year	Property Value (1) (Real Estate Only)	Financial Institution Deposits Banks	Values of Building Permits Issued
2003	\$778,973,800	\$95,761,917	\$42,182,944
2002	747,328,780	88,346,368	55,086,222
2001	724,345,800	61,942,764	49,508,303
2000	629,283,360	59,933,852	71,770,790
1999	605,258,530	60,846,022	48,478,648
1998	569,889,100	53,941,971	43,087,840
1997	517,284,940	27,068,211	33,058,230
1996	497,448,980	22,458,573	42,020,000
1995	476,949,520	20,885,453	35,205,713
1994	415,559,800	21,009,421	42,823,974

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

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

(1) Represents assessed value.

**North Royalton City School District**  
*Principal Taxpayers*  
*Real Estate Tax*  
*December 31, 2002*

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Spruce Lake, LTD	\$6,644,020	0.85%
CAPREIT Royalton	6,392,720	0.82
M & J Dover Farms, LP	5,201,390	0.67
MCI Telecommunications	5,067,690	0.65
I & J Associates, LTD	3,689,910	0.47
Deer Creek Apt. LTD	3,656,350	0.47
Oak Brook Gardens	3,553,030	0.46
Pine Forest Apartments	3,402,460	0.44
Spartan House, LTD	2,818,100	0.36
Timber Ridge Investments, LTD	2,695,350	0.35
Royalton Plaza	2,352,910	0.30
Shadow Creek Enterprises, LTD	2,275,010	0.29
THC Ohio 2000-1 Trust	2,227,540	0.29
Pulte Homes	2,052,570	0.26
Macintosh Land Co.	2,031,840	0.26
Athenian Office Building, LTD	1,686,310	0.22
Total	<u>\$55,747,200</u>	<u>7.16%</u>
Total Real Estate Valuation	<u>\$778,973,800</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2003 collection year.

**North Royalton City School District**  
*Principal Taxpayers*  
*Tangible Personal Property Tax*  
*December 31, 2002*

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
EDS Information Services	\$3,574,520	11.87%
Discount Drug Mart	1,300,150	4.32
H & D Steel Service, Incorporated	1,275,882	4.24
WideOpenWest Cleveland LLC	809,660	2.69
Valley Tool & Die, Incorporated	726,000	2.41
Stevens Painton Corporation	672,770	2.23
Krenz Krist Machine, Incorporated	654,660	2.17
Riser Foods Company	543,100	1.80
ICG Equipment, Incorporated	520,140	1.73
Praxair Distribution, Incorporated	516,120	1.71
Adelphia of the Midwest, Incorporated	494,900	1.64
Abramo Construction, Incorporated	347,700	1.15
May Tool & Die Company	344,220	1.14
Cox Cable Cleveland	342,060	1.14
Transport Services, Incorporated	327,620	1.09
Galley Printing Company, Incorporated	321,030	1.07
Total	<u>\$12,770,532</u>	<u>42.40%</u>
Total Tangible Assessed Valuation	<u>\$30,116,086</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2003 collection year.

**North Royalton City School District**  
*Principal Taxpayers*  
*Public Utilities Tax*  
*December 31, 2002*

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Cleveland Electric Illuminating Company	\$9,482,780	45.79%
Ohio Bell Telephone Company	4,405,120	21.27
MCI Telecommunications Corp.	1,575,190	7.61
American Transmission System	1,453,500	7.02
Columbia Gas of Ohio	1,425,210	6.88
Qwest communications	527,020	2.54
Ohio Edison Company	411,670	1.99
Total	<u>\$19,280,490</u>	<u>93.10%</u>
Total Public Utility Assessed Value	<u>\$20,709,590</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2003 collection year.

**North Royalton City School District**

*Per Pupil Cost*

*Last Ten Fiscal Years*

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<u>Year</u>	<u>Governmental Fund Expenditures</u>	<u>Student Enrollment</u>	<u>Per Pupil Cost</u>
2003	\$37,932,075	4,429	\$8,564
2002	37,609,122	4,365	8,616
2001	34,549,241	4,396	7,859
2000	32,578,122	4,331	7,522
1999	30,137,405	4,246	7,098
1998	30,053,141	4,242	7,085
1997	29,421,558	4,192	7,019
1996	37,644,447	4,075	9,238
1995	52,204,117	3,899	13,389
1994	20,502,602	3,749	5,469

Source: School District Financial Records.



**North Royalton City School District**

*Teacher Education and Experience*

*June 30, 2003*

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	39	14.66 %
Bachelor + 6	6	2.26
Bachelor + 12	12	4.51
Bachelor + 18	7	2.63
Bachelor + 24	8	3.01
Bachelor + 30	22	8.27
Master's Degree	67	25.19
Master's Degree + 6	21	7.90
Master's Degree + 12	44	16.54
Master's Degree + 18	16	6.02
Master's Degree + 24	5	1.89
Master's Degree + 30	4	1.50
Master's Degree + 36	4	1.50
Master's Degree + 42	2	0.75
Master's Degree + 48	9	3.37
Total	266	100.00 %

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	68	25.56
6 - 10	50	18.80
11 - 15	44	16.54
16 - 20	33	12.40
21 and Over	71	26.70
	266	100.00%

Source: School District Personnel Records.

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**Auditor of State  
Betty Montgomery**

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Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**NORTH ROYALTON CITY SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 4, 2004**