

**Auditor of State  
Betty Montgomery**



**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**Schedule of Federal Awards Receipts and Expenditures  
for the year ended June 30, 2004**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U. S. Department of Agriculture</b>						
<i>Passed Through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
Food Distribution	NA	10.550	\$0	\$30,563	\$0	\$28,447
National School Lunch Program	044701 LL-P1/P4-2004 044701 LL-P1/P4-2003	10.555	28,241 10,966 <hr/> 39,207	0 0 <hr/> 0	28,241 10,966 <hr/> 39,207	0 0 <hr/> 0
Special Milk Program for Children	044701 02-PU-2004 044701 02-PU-2003	10.556	5,418 2,375 <hr/> 7,793	0 0 <hr/> 0	5,418 2,375 <hr/> 7,793	0 0 <hr/> 0
Total U. S. Department of Agriculture - Child Nutrition Cluster			<b>47,000</b>	<b>30,563</b>	<b>47,000</b>	<b>28,447</b>
<b>U. S. Department of Education</b>						
<i>Passed Through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education Grants to States	044701 6B-SF-2004 044701-6B-SF-2003	84.027	407,389 0 <hr/> 407,389	0 0 <hr/> 0	348,925 1,309 <hr/> 350,234	0 0 <hr/> 0
Special Education - Pre-School	044701 PG-S1-2004 044701 PG-S1-2003	84.173	10,901 0 <hr/> 1,394	0 0 <hr/> 0	7,772 191 <hr/> 1,394	0 0 <hr/> 0
Special Education - Child Progress Indicator	044701 PG-D7-2003		12,295	0	9,357	0
Total Special Education Cluster			419,684	0	359,591	0
Grants to Local Educational Agencies (ESEA Title I)	044701 C1-S1-2004 044701 C1-S1-2003	84.010	8,931 4,380 <hr/> 13,311	0 0 <hr/> 0	9,016 4,380 <hr/> 13,396	0 0 <hr/> 0
Innovative Education Program Strategies	044701 C2-S1-2004 044701 C2-S1-2003	84.298	25,056 140 <hr/> 25,196	0 0 <hr/> 0	24,432 221 <hr/> 24,653	0 0 <hr/> 0
Safe and Drug Free Schools and Communities	044701 DR-S1-2004 044701 DR-S1-2003	84.186	8,296 (608) <hr/> 7,688	0 0 <hr/> 0	8,296 51 <hr/> 8,347	0 0 <hr/> 0
Title III - English Language Acquisition	044701-T3S2-2004 044701-T3S2-2003	84.365	10,406 0 <hr/> 10,406	0 0 <hr/> 0	10,406 1,155 <hr/> 11,561	0 0 <hr/> 0
Improving Teacher Quality	044701-TRS1-2004 044701-TRS1-2003	84.367	59,095 131 <hr/> 59,226	0 0 <hr/> 0	55,415 0 <hr/> 55,415	0 0 <hr/> 0
Assistive Technology	044701-ATS4-2003	84.352	0	0	10,468	0
Total U. S. Department of Education			<b>535,511</b>	<b>0</b>	<b>483,431</b>	<b>0</b>
<b>Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and Humanities</b>						
<i>Passed through the State Library System</i>						
LTSA	II-8-04	45.310	17,580	0	0	0
Subtotal			17,580	0	0	0
Total Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and Humanities			<b>17,580</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Federal Assistance			<b>\$600,091</b>	<b>\$30,563</b>	<b>\$530,431</b>	<b>\$28,447</b>

Notes to the Schedule of Federal Awards Expenditures are an integral part of this statement.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2004**

**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 - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Values may change from month to month and are entirely subjective. At June 30, 2004, the District had no significant food commodities in inventory.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Rocky River City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 and 2004-002. We also noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated December 3, 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 opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the District's management in a separate letter dated December 3, 2004.

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

December 3, 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  
Rocky River City School District  
Cuyahoga County  
21600 Center Ridge Road  
Rocky River, Ohio 44116

#### Compliance

We have audited the compliance of the Rocky River City School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

#### Internal Control Over Compliance

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

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. 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 December 3, 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, 2004, and have issued our report thereon dated December 3, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

December 3, 2004

ROCKY RIVER CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 JUNE 30, 2004

SCHEDULE OF FINDINGS  
 OMB CIRCULAR A-133 Section .505

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

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

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2004**

**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>2004-001</b>
-----------------------	-----------------

Ohio Revised Code 5705.39 prohibits a political subdivision from making a fund appropriation in excess of estimated resources available for expenditure from the fund. In addition, Ohio Rev. Code 5705.40 requires that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. The following funds had appropriations which were in excess of estimated resources as reported on the Official Certificate of Estimated Resources at June 30, 2004:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Student Activities	\$335,238	\$368,354	\$33,116
Title I	13,395	17,776	4,381
Drug Free Schools	8,347	9,850	1,503

We recommend that the District review appropriations and estimated resources, on a monthly basis, and make the necessary revisions to the budget and the County Auditor in order to comply with legal budgetary requirements.

<b>FINDING NUMBER</b>	<b>2004-002</b>
-----------------------	-----------------

Ohio Rev. Code Section 5705.41(B) & (D) prohibits a subdivision or taxing unit from making expenditures unless it has been properly appropriated. Budgetary expenditures (that is, disbursements and encumbrances) as enacted by the Board of Education may not exceed appropriations at the legal level for all funds. The following funds had expenditures in excess of appropriations and expenditures plus encumbrances in excess of appropriations:

February 29, 2004

<u>Fund</u>	<u>Appropriations Plus Prior Year Encumbrances</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
Employee Benefits	\$0	\$23,585	\$23,585

June 30, 2004

<u>Fund</u>	<u>Appropriations Plus Prior Year Encumbrances</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
Permanent Improvement	\$376,945	\$619,405	\$242,460
Building	1,246,136	1,568,354	322,218
Special Trust	8,230	33,020	24,790
Community Programs	269,021	320,025	51,004
Public School Support	41,960	50,505	8,545
EMIS	18,320	27,812	9,492

ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2004

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

**2. FINDING RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS  
(Continued)**

<b>FINDING NUMBER</b>	<b>2004-002</b>
-----------------------	-----------------

(Continued)

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

**3. FINDING FOR FEDERAL AWARDS**

None.

**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2004**

**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>
2003-001	Appropriations exceeded estimated resources at the legal level of control	No	Not Corrected, re-issued as 2004-001
2003-002	The District failed to maintain specific and necessary documentation to support the completeness and accuracy of its accounting transactions.	Yes	

**ROCKY RIVER  
CITY SCHOOL DISTRICT**

**Rocky River, Ohio**

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





**Rocky River City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2004*  
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**Rocky River  
School District**

Educational Services Center  
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Dennis L. Allen, Ed.D.  
Superintendent of Schools

Cathy E. Dietlin, Ph.D.  
Assistant Superintendent

Ted Blank  
Executive Director  
Human Resources & Support Services

William Bornhauser  
Treasurer

Board of Education

Andrew D. Bemmer, Jr.  
Fred M. DeGrandis  
Kathleen Goepfert  
Jean A. Rounds  
James D. Schieda

December 3, 2004

Board of Education  
Rocky River City School District  
21600 Center Ridge Road  
Rocky River, Ohio 44116

Dear Board Members:

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

The report provides the taxpayers of the Rocky River 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 Rocky River Public Library, the Rocky River Chamber of Commerce, rating agencies and other interested organizations. Copies will be made available to all residents of the Rocky River City School District.

This report is divided into the following sections:

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

### **The School District**

The Rocky River 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 Rocky River Board of Education is a five member board, elected at large, with staggered four year terms.

The School District is located in an affluent suburban area west of Cleveland, Ohio and encompasses the entire City of Rocky River and a small portion of the City of Fairview Park. The property tax base is primarily residential with a significant amount of retail commercial property. The School District serves 2,598 students ranging from Kindergarten through Twelfth grade. In addition, a wide range of services are provided for preschool aged children and adults.

### **The Reporting Entity**

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

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

### **Economic Condition and Outlook**

The 2000 U. S. Census data reports a population of 20,735 in the City of Rocky River with 10,166 dwelling units and over 1,250 businesses. The median household income is \$45,418 and the average home price is \$180,000. The occupational makeup of the City is 42 percent professional/managerial, 38 percent technical/sales/clerical, 8 percent service, 7 percent crafts and 5 percent operator/laborers. Businesses are predominantly retail and service oriented.

The Rocky River City School District receives 76 percent of its governmental fund 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 valuation of the School District's tax duplicate rose by nearly 45 percent in the last ten years. The increased value in the duplicate is due primarily to revisions in property values made by the County Auditor every three years as well as some new construction.

The City of Rocky River is nearly completely developed, so future assessed valuation increases will come primarily from property value changes. There are no major manufacturing plants located within the School District's boundaries. The largest real property taxpayer owns 2.23 percent of the total real property in the School District.

### **Major Initiatives - Fiscal Year 2004**

Each year, the School District identifies a series of School District Development Priorities that build upon the objectives of the mission statement and strategic goals. These priorities focus the School District's financial and other resources and provide measurable benchmarks upon which to evaluate the effectiveness of our efforts. The following provides a brief overview of the key priorities addressed during the 2003-2004 school year and the School District's progress in achieving each priority.

### **Financial**

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

Voters approved an additional 4.9 mill operating levy in May 2002. Collection of the continuing levy began in January 2003 and has generated an additional \$3.1 million in tax revenue annually. This levy stabilized School District funding up to fiscal year 2005. An additional operating levy of approximately the same amount will be submitted to the voters in fiscal year 2005. In addition, there was a revaluation done by the County Auditor in 2003. These events should provide stable revenue for a three-year period. During the year, through community meetings, the School District Budget document and the CAFR, the School District has communicated its financial plan for the next three years.

- *Develop methods of protecting the School District property tax base*

Rocky River City Schools are significantly property tax dependent. As a result, the Board and administrators worked with the cities of Rocky River and Fairview Park to assure retail development protects and enhances property values. The city of Rocky River encouraged development of residential property in the limited areas available as well as commercial development. These factors will add approximately \$12 million in market value to the tax base. This will yield about \$120,000 in additional operating revenue.

- *Protect the interests of the School District from legislature funding changes*

The Board of Education has taken a leadership role in the Westshore Boards of Education, a working group of school districts on the west side of Cleveland. This group works with citizens and legislators to protect member districts from adverse legislation and rule making.

- *Financial Reporting*

Beginning in 2001, the School District has prepared its Comprehensive Annual Financial Report (CAFR) in accordance with GASB 34, a new reporting model providing more meaningful financial information. The School District received the Certificate of Achievement for Excellence in Financial reporting from the Government Finance Officers Association and the Certificate of Excellence in financial reporting from the Association of School Business Officials International (ASBO). The School District was one of less than .1 percent of school districts nationwide reporting on this basis and receiving the awards.

## **Educational**

- *Maximize each child's achievement*

The State of Ohio measures School District's achievement through a state "Report Card" measuring student learning at the 4<sup>th</sup>, 6<sup>th</sup>, 9<sup>th</sup> and 12<sup>th</sup> grade. The state has 22 standards. Rocky River City School District achieved 21 of 22 standards in 2004. Only 68 of the 613 schools in Ohio achieved this level of excellence. School administrators work diligently to prepare students for success in these tests while assuring students experience success in all areas of instruction.

The School District had three National Merit Finalists and eleven National Merit Commended Scholars in 2004.

## **Goals for 2005**

### **Financial:**

- To effectively use School District resources to assure the highest quality educational program while meeting the School District's three year financial plan and to obtain voter approval for an operating levy in 2005. If approved, the School District will begin collections on the levy in fiscal year 2006.
- To receive the GFOA Certificate of Achievement for Excellence in Financial Reporting for this fiscal year 2004 CAFR.
- To continue to enhance the School District's budget and financial planning information for citizens and to communicate the School District's dependence on local taxpayer support.
- To continue to assure the School District's property tax base remains strong by working with the cities and business community.

**Educational:**

- To continue to meet the high standards of State testing while maintaining a caring environment where learners can excel.
- To increase communication with parents and the community using web pages, e-mail and other electronic communications.
- To continue the implementation of the new Ohio graduation test.
- To revise the School District's technology plan to anticipate new state of Ohio requirements for student technology.

***Prospects for the Future***

The funding structure of public education in Ohio poses a challenge to school districts. There is very little in the funding structure which allows school districts to receive additional revenues relative to inflationary pressures. Boards of education throughout Ohio must put issues on the ballot for voter approval in order to receive significant additional revenues. The School District gained voter approval of a 4.9 mill operating levy in May 2002. Collection of the new levy began January 2003. The additional revenue from this levy, about \$3.1 million annually, stabilizes School District funding for three years. Ohio law requires once a school levy is passed, the levy may not generate additional tax revenue as a result of reappraisal or reassessment. Consequently, tax levies, if approved by voters, provide a fixed source of revenue and provide no inflationary growth.

The most significant uncertainty for the future is State funding. In 1993 the state of Ohio method of funding schools was challenged for constitutional equity and adequacy.

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 and on its financial operations.

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

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

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

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

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

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible.

As an additional safeguard, all employees are covered by a blanket bond, and certain individuals in policy-making roles are covered by a separate, higher limit bond.

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

***Financial Condition*** This is the fourth year the School District has prepared financial statements following GASB 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 many businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion is presented in the financial section of this report and provides an assessment of the School District finances for fiscal year 2004.



## **Cash Management**

As the custodian of taxpayers' dollars, the School District maintains very conservative investment practices. Only after the highest degree possible of safety of principal and liquidity are achieved does the School District pursue yield on investments.

Cash not needed for immediate use during the year was invested in interest bearing demand deposit accounts, repurchase agreements, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes and the State Treasurer's Asset Reserve of Ohio (STAROhio) program administered by the Office of the Treasurer of the State of Ohio. STAROhio is an investment pool offered to political subdivisions of the State of Ohio for the investment of funds. STAROhio's investment portfolio consists of investments authorized by the Ohio Revised Code including instruments of the Federal government and its agencies, collateralized certificates of deposit and repurchase agreements. This investment pool offers daily liquidity of all funds, no minimum balance requirements and no service charges. Interest earnings for all funds during the year was \$94,157. Of that total, \$83,933 was credited to the General Fund. The balance was credited to other funds as directed by the Ohio Revised Code and Board of Education policy.

## **Risk Management**

The School District uses the State Workers' Compensation plan and pays a premium based on a rate per \$100 of salaries. The School District is a member of Ohio School Boards Association Workers' Compensation Group Rating Program. The School District contracts for general liability insurance with a \$1,000,000 limit per occurrence and an umbrella policy of \$9,000,000 per year. The School District also carries an automobile liability insurance with a limit of \$2,006,000 and \$250 deductible. The School District provides property, inland marine and crime insurance with a \$1,000 deductible for property and crime insurance and a \$250 deductible for inland marine. Boiler and machinery are covered under a policy with a limit of \$30,000,000 and a \$1,000 deductible.

## **Independent Audit**

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

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

## **Awards**

This is the thirteenth Comprehensive Annual Financial Report published by the Rocky River City School District. The report will be submitted to the Government Finance Officers Association of the United States and Canada (GFOA). It is felt this report qualifies to earn GFOA's Certificate of Achievement for Excellence in Financial Reporting. This Certificate is the highest form of recognition available for governmental accounting and financial reporting. GFOA's certificate was awarded for last year's report. Attainment of these Certificates represents a substantial accomplishment of any governmental entity.

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 the ongoing effort to continually professionalize the School District's financial reporting. As jazz pianist Keith Jarrett has said, "The only standards worth having are the highest". It enhances the School District's accountability to our investors, the residents of the Rocky River City School District, and to our customers, our students.

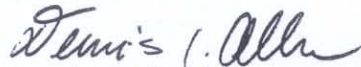
A special thanks must be extended to Greta Coleman and Joyce Younglas of the Treasurer's Office whose assistance and dedication were essential from the beginning, and also to the Local Government Services Section of the Ohio Auditor of State's Office for their assistance.

The Board of Education's commitment to excellence to the School District in general, and support for this project in particular, are sincerely appreciated.

Respectfully Submitted,



William Bornhauser  
Treasurer



Dennis L. Allen, Ed.D.  
Superintendent

**Rocky River City School District**

*Principal Officials*

*June 30, 2004*

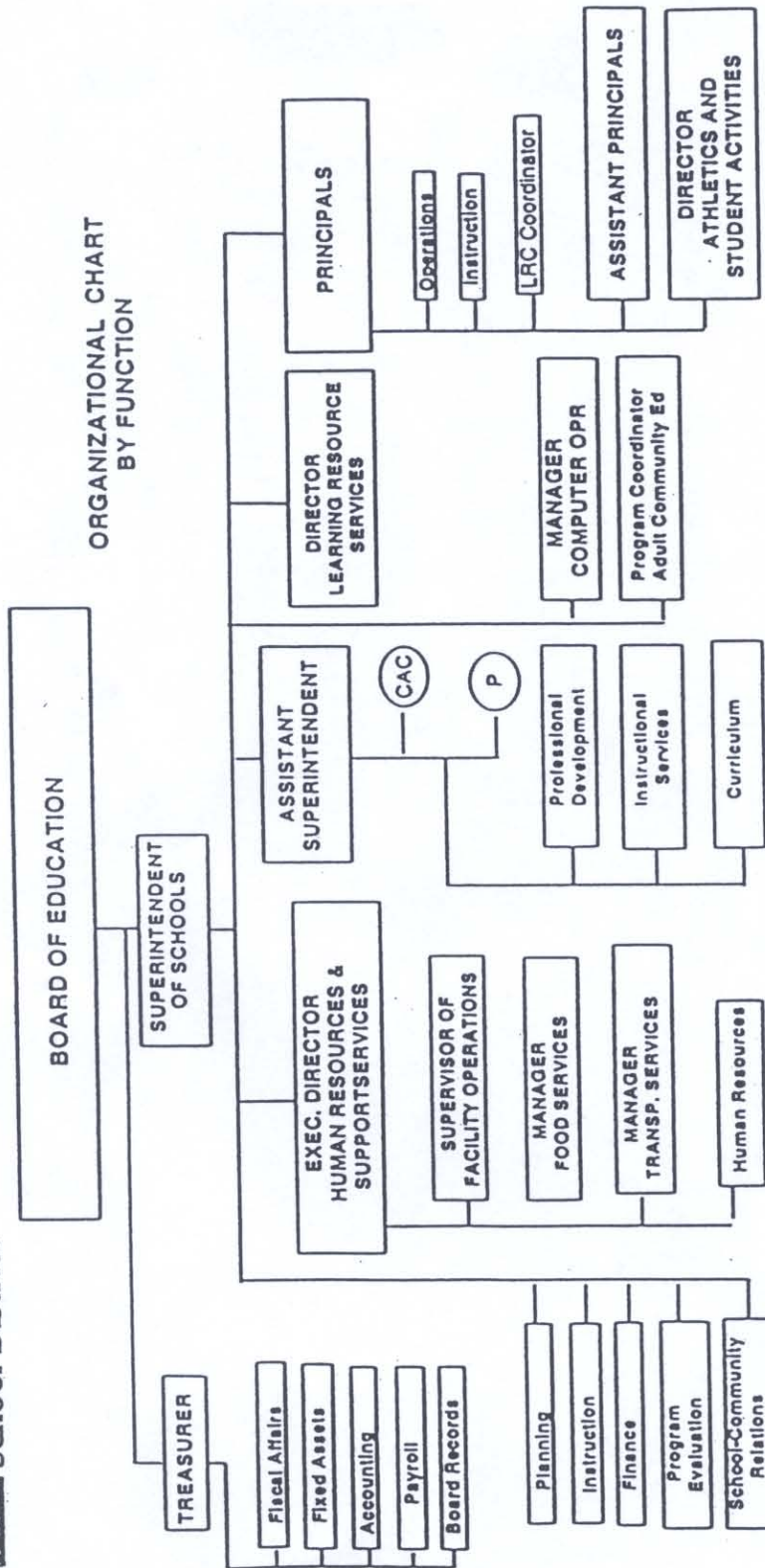
***Board of Education***

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

***Administration***

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

**ORGANIZATIONAL CHART  
BY FUNCTION**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Rocky River City  
School District, Ohio

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

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



President

Executive Director

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Rocky River City School District, Cuyahoga County, Ohio, as of June 30, 2004, and the respective changes in financial position and the 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 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 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 schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

**Betty Montgomery**  
Auditor of State

December 3, 2004



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

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

**Financial Highlights**

Key financial highlights for 2004 are as follows:

*Overall:*

Total net assets remained constant at \$14.0 million. Total Capital Assets net decreased from \$35.5 million in 2003 to \$34.9 million in 2004. This occurred as depreciation expenses more than offset new capital assets.

The School District's outstanding debt decreased to \$25.1 million from \$26.8 million in 2003 and the legal debt margin increased to \$40.9 million, an increase of \$20.4 million since 2000.

*Governmental Activities:*

Total net assets remained at \$13.6 million.

Revenues increased \$4.4 million primarily due to increased taxes receivable. This increase was due to the timing of the Cuyahoga County Auditor's collections.

Expenses increased \$1.9 million or 6.7 percent, primarily in instruction.

Program revenue, revenue from specific fees and grants, decreased to 8.6 percent of all revenue from 9.6 percent in 2003. Over ninety percent of revenue comes from general revenue, primarily property taxes.

*Business-Type Activities:*

Total assets decreased by \$54,316 while total liabilities decreased by \$4,269. As a result total net assets declined by \$50,047.

Total revenue decreased by \$14,461 and expenses increased by about \$26,823 or 3.6 percent.

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

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

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

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*Reporting the School District as a Whole*

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all 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.

These two statements report the School's 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 property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

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

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

*Reporting the School District's Most Significant Funds*

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 11. 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 fund, bond retirement debt service fund and the building capital projects fund.

*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 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 services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's Governmental Activities and Business-Type Activities net assets for 2004 compared to the three prior years:

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

	Governmental Activities			Business Type Activities			Totals		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
<b>Assets</b>									
Current and Other Assets	\$30.8	\$32.1	\$31.1	\$0.2	\$0.2	\$0.2	\$31.0	\$32.3	\$31.3
Capital Assets, Net	34.6	35.2	36.7	0.3	0.3	0.3	34.9	35.5	37.0
<i>Total Assets</i>	<u>65.4</u>	<u>67.3</u>	<u>67.8</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>65.9</u>	<u>67.8</u>	<u>68.3</u>
<b>Liabilities</b>									
Long-Term Liabilities	(29.3)	(30.9)	(32.5)	0.0	0.0	0.0	(29.3)	(30.9)	(32.5)
Other Liabilities	(22.5)	(22.8)	(19.2)	(0.1)	(0.1)	(0.1)	(22.6)	(22.9)	(19.3)
<i>Total Liabilities</i>	<u>(51.8)</u>	<u>(53.7)</u>	<u>(51.7)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(51.9)</u>	<u>(53.8)</u>	<u>(51.8)</u>
<b>Net Assets</b>									
Invested in Capital Assets									
Net of Related Debt	10.2	9.0	8.4	0.3	0.3	0.3	10.5	9.3	8.7
Restricted	3.6	4.7	5.7	0.0	0.0	0.0	3.6	4.7	5.7
Unrestricted (Deficit)	(0.2)	(0.1)	2.0	0.1	0.1	0.1	(0.1)	0.0	2.1
<i>Total Net Assets</i>	<u>\$13.6</u>	<u>\$13.6</u>	<u>\$16.1</u>	<u>\$0.4</u>	<u>\$0.4</u>	<u>\$0.4</u>	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$16.5</u>

*Total Assets* decreased by \$1.9 million or 2.8 percent. Current assets decreased \$1.3 million and capital assets decreased by \$.6 million as depreciation expenses more than offset capital additions.

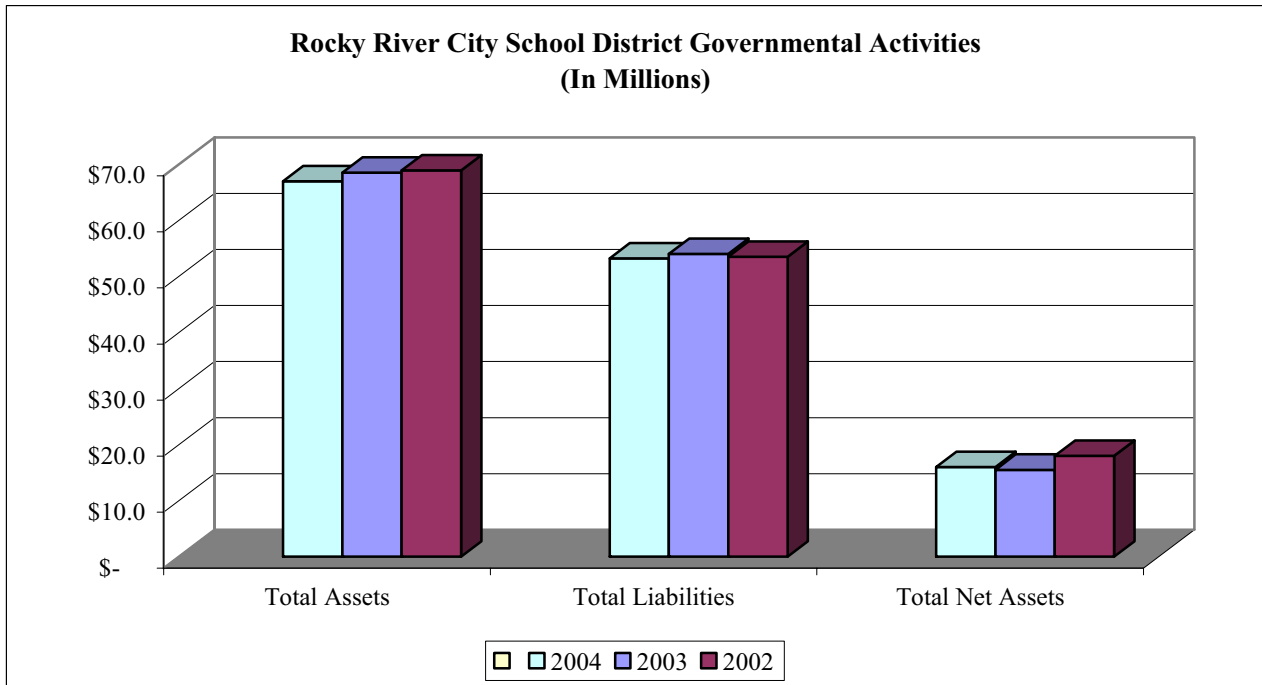
*Total Liabilities* decreased by \$1.9 million. Long-term liabilities decreased \$1.6 million and other liabilities decreased by \$.3 million due to decreased deferred revenue.

The negative unrestricted portion of net assets of \$.2 million was decrease of \$.1 million from 2003, and is due to the accretion on the capital appreciation bonds.

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

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

	2004	2003	2002
Total Assets	\$65.4	\$67.3	\$67.8
Total Liabilities	51.8	53.7	51.7
Total Net Assets	\$13.6	\$13.6	\$16.1



Rocky River City School District's assets declined \$1.9 million and total liabilities decreased by \$1.9 million as well. As a result, net assets remained at \$13.6 million at the end of fiscal year 2004.

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

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

	Governmental Activities			Business-Type Activities			Total		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
<b>Revenues</b>									
Program Revenues:									
Charges for Services and Sales	\$0.7	\$0.7	\$0.7	\$0.7	\$0.6	\$0.6	\$1.4	\$1.3	\$1.3
Operating Grants and Contributions	1.9	1.8	1.6	0.1	0.1	0.1	2.0	1.9	1.7
Capital Grants and Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Total Program Revenues</i>	<u>2.6</u>	<u>2.5</u>	<u>2.3</u>	<u>0.8</u>	<u>0.7</u>	<u>0.7</u>	<u>3.4</u>	<u>3.2</u>	<u>3.0</u>
General Revenues:									
Property Taxes	23.3	19.0	22.2	0.0	0.0	0.0	23.3	19.0	22.2
Grants and Entitlements	4.4	4.3	4.0	0.0	0.0	0.0	4.4	4.3	4.0
Other	0.1	0.2	0.5	0.0	0.0	0.0	0.1	0.2	0.5
<i>Total General Revenues</i>	<u>27.8</u>	<u>23.5</u>	<u>26.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>27.8</u>	<u>23.5</u>	<u>26.7</u>
<i>Total Revenues</i>	<u>30.4</u>	<u>26.0</u>	<u>29.0</u>	<u>0.8</u>	<u>0.7</u>	<u>0.7</u>	<u>31.2</u>	<u>26.7</u>	<u>29.7</u>
<b>Program Expenses</b>									
Instruction	15.9	15.3	14.4	0.0	0.0	0.0	15.9	15.3	14.4
Support Services:									
Pupils and Instructional Staff	2.5	2.3	2.1	0.0	0.0	0.0	2.5	2.3	2.1
Board of Education, Administration, Fiscal and Business	2.7	2.5	2.6	0.0	0.0	0.0	2.7	2.5	2.6
Operation and Maintenance of Plant	3.3	3.0	2.7	0.0	0.0	0.0	3.3	3.0	2.7
Pupil Transportation	1.4	1.0	0.9	0.0	0.0	0.0	1.4	1.0	0.9
Central	0.6	0.6	0.6	0.0	0.0	0.0	0.6	0.6	0.6
Extracurricular Activities	1.3	0.9	0.8	0.0	0.0	0.0	1.3	0.9	0.8
Non-Instructional Services	1.3	1.4	1.2	0.0	0.0	0.0	1.3	1.4	1.2
Interest and Fiscal Charges	1.4	1.5	1.5	0.0	0.0	0.0	1.4	1.5	1.5
Food Service	0.0	0.0	0.0	0.5	0.4	0.4	0.5	0.4	0.4
Uniform School Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Community Programs	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3
<i>Total Expenses</i>	<u>30.4</u>	<u>28.5</u>	<u>26.8</u>	<u>0.8</u>	<u>0.7</u>	<u>0.7</u>	<u>31.2</u>	<u>29.2</u>	<u>27.5</u>
<i>Increase (Decrease) in Net Assets</i>	0.0	(2.5)	2.2	0.0	0.0	0.0	0.0	-2.5	2.2
<i>Net Assets July 1</i>	<u>13.6</u>	<u>16.1</u>	<u>13.9</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>14.0</u>	<u>16.5</u>	<u>14.3</u>
<i>Net Assets June 30</i>	<u>\$13.6</u>	<u>\$13.6</u>	<u>\$16.1</u>	<u>\$0.4</u>	<u>\$0.4</u>	<u>\$0.4</u>	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$16.5</u>

Revenue for *governmental activities* increased \$4.4 million. This was primarily due to the timing of personal property tax collections by the Cuyahoga County Auditor. Expenses for *governmental activities* increased \$1.9 million. Instruction expenses increased \$.6 million consistent with the School District's focus on classroom services.

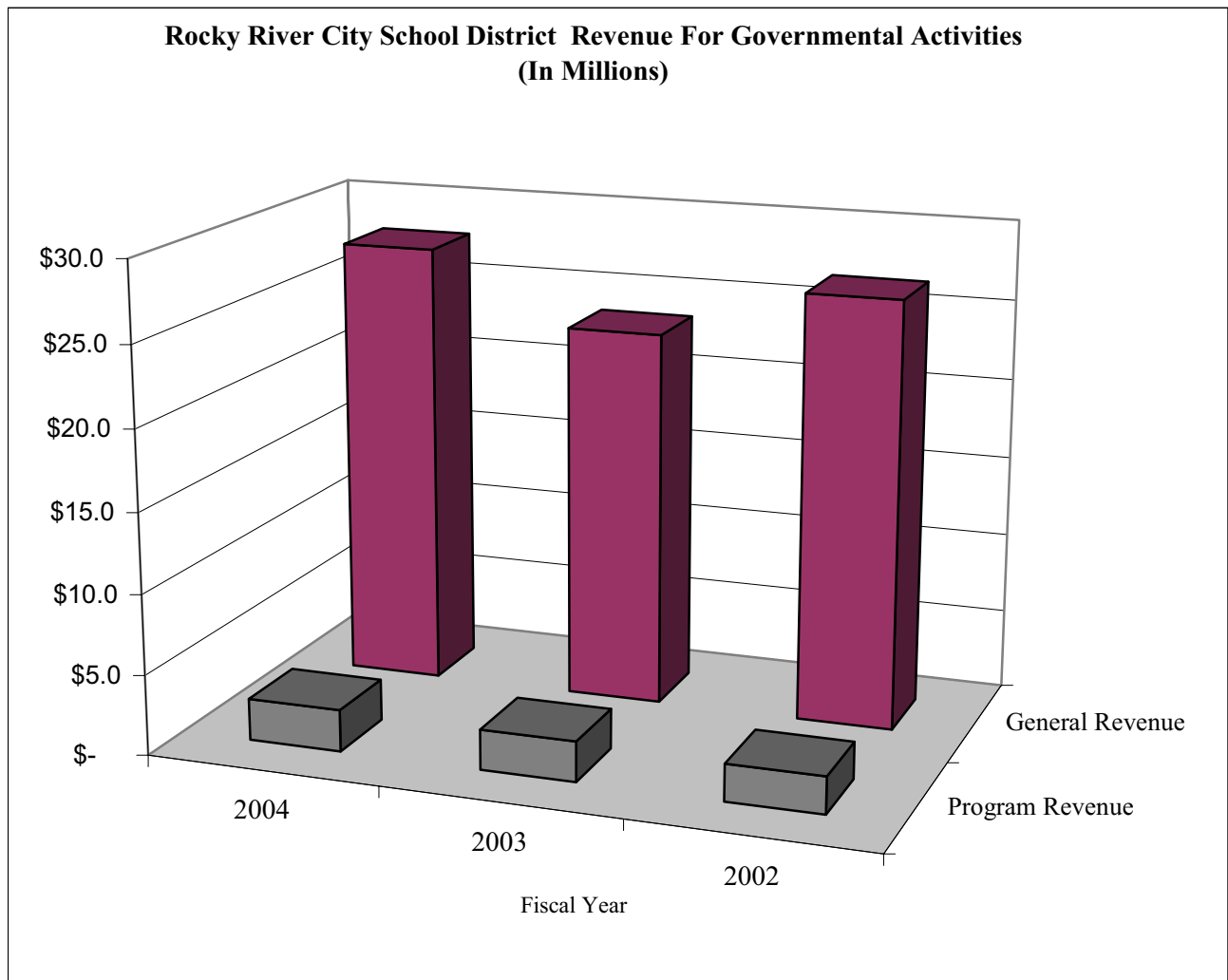
Instruction and pupil and instructional staff support increased \$.8 million. These two areas account for 60.6 percent of School District expenses for 2004. Other areas of increase include pupil transportation (\$.4 million), operation and maintenance of plant (\$.3 million) and extracurricular activities (\$.4 million).

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While program revenue support for governmental activities increased \$.1 million, the percent of program revenue decreased to 8.6 percent of revenue from 9.6 percent in 2003. The vast majority of revenue supporting governmental activities, over 91.4 percent, continues to be general revenue. Over 83.7 percent of general revenue, \$23.3 million for 2004, were property taxes paid by the residents in the Rocky River City School District. Only \$4.4 million (15.9 percent of general revenue) came from state or federal sources.

**Graph 2**  
 Revenues for Governmental Activities

	2004	2003	2002
Program Revenue	\$2.6	\$2.5	\$2.3
General Revenue	27.8	23.5	26.7



The School District's property taxes increased by \$4.3 million in 2004, due to some increased delinquencies and a full year's collection of the 4.9 mill operating levy passed in May 2002. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation.

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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 76.6 percent of revenues for governmental activities for Rocky River City School District in fiscal year 2004.

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

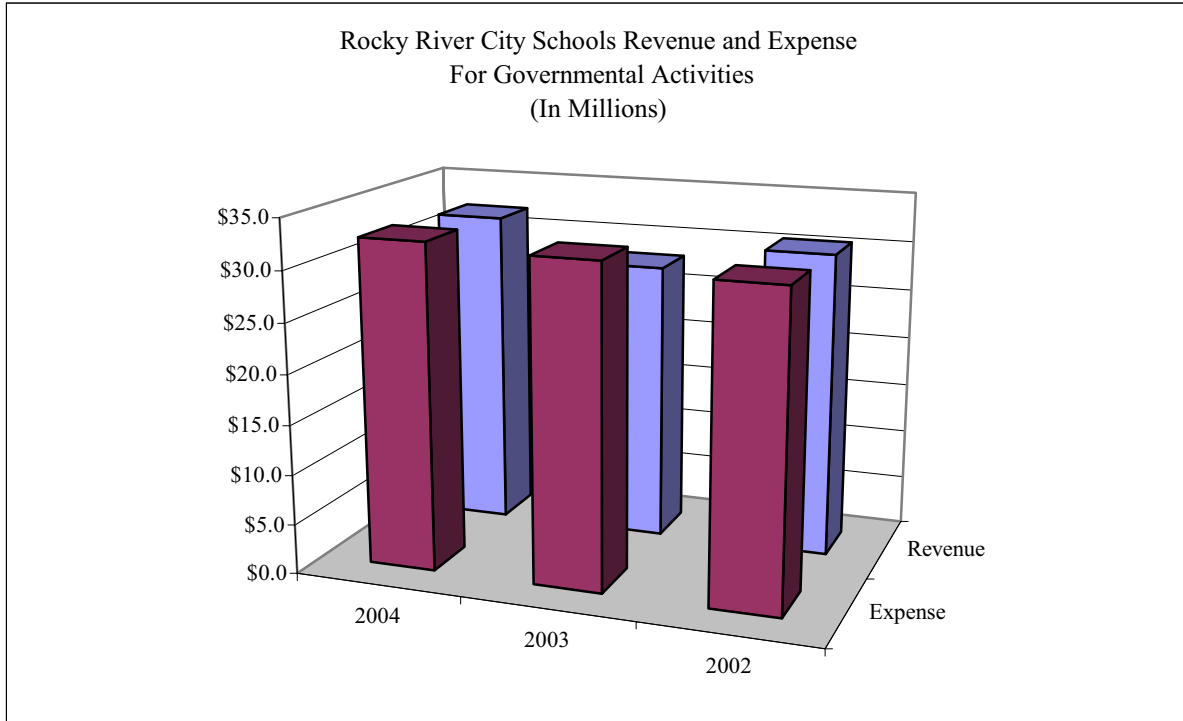
**TABLE 3**  
**Governmental Activities**  
(In millions)

	2004		2003		2002	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	15.9	15.3	15.3	14.6	14.4	13.7
Support Services:						
Pupils and Instructional Staff	2.5	2.3	2.3	2.1	2.1	2.0
Board of Education, Administration, Fiscal and Business	2.7	2.7	2.5	2.5	2.6	2.6
Operation and Maintenance of Plant	3.3	3.2	3.0	2.9	2.7	2.7
Pupil Transportation	1.4	1.4	1.0	1.0	0.9	0.8
Central	0.6	0.6	0.6	0.6	0.6	0.6
Extracurricular Activities	1.3	1.0	0.9	0.6	0.8	0.6
Non-Instructional Services	1.3	0.0	1.4	0.1	1.2	0.0
Interest and Fiscal Charges	1.4	1.4	1.5	1.5	1.5	1.5
<b>Total</b>	<b>\$30.4</b>	<b>\$27.9</b>	<b>\$28.5</b>	<b>\$25.9</b>	<b>\$26.8</b>	<b>\$24.5</b>

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

	2004	2003	2002
Revenue	\$30.4	\$26.0	\$29.0
Expense	30.4	28.5	26.8

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Program revenue for governmental activities in 2004 was \$2.6 million or 8.6 percent of all revenue. For 2003 program revenue was \$2.5 million, or 9.6 percent of all revenue. The largest expense area was instruction, comprising \$15.9 million, 52.2 percent of all governmental activity expenses.

*Business-Type Activities*

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

Total assets for business-type activities decreased by \$54,316, primarily in cash and cash equivalents and accounts receivable. Total liabilities also decreased by about \$4,269. While accounts payable decreased by \$20,735, intergovernmental payable increased by \$14,437. As a result, total net assets declined by \$50,047.

Most program expenses for business-type activities are supported by program revenue. Of the \$734,768 in revenue for 2004, 99.4 percent was program revenue, primarily charges for services.

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

	In Thousands		
	2004	2003	2002
Food Service	(\$26.9)	(\$3.9)	(\$4.8)
Uniform School Supplies	3.8	1.7	1.4
Community Programs	(31.7)	(10.7)	(37.3)

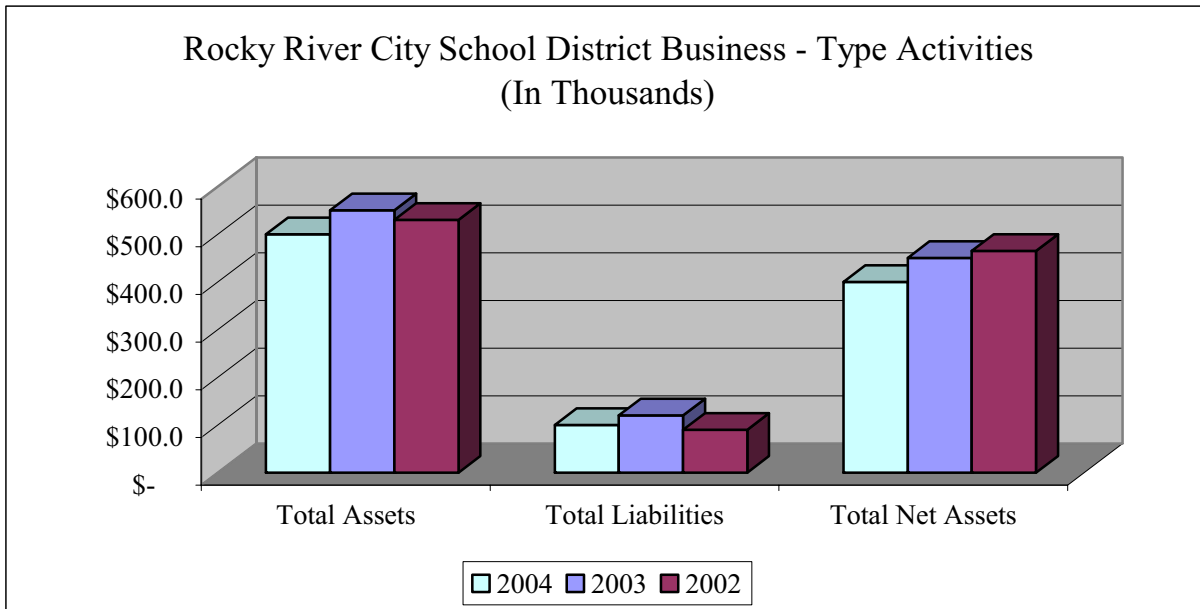
The excess of revenue over expenses has been reduced significantly for Food Service and Community Programs since 2002.



**Rocky River City School District**  
*Management's Discussion and Analysis*  
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**Graph 4**  
**Net Assets Business-Type Activities**  
(In thousands)

	2004	2003	2002
Total Assets	\$473.1	\$527.4	\$507.4
Total Liabilities	86.5	90.7	61.9
Total Net Assets	\$386.6	\$436.7	\$445.5



*The School District's Funds*

Information about the School district's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$30.6 million and expenditures of \$31.2 million. The net change in fund balance for the year was most significant in the general fund and the building capital projects fund. The general fund balance increased by \$.6 million. The building capital projects fund balance decreased by \$1.5 million. The ending fund balance was \$7.6 million.

*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 budgeted fund is the General Fund.

During the course of fiscal 2004 the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue was \$23.6 million, slightly below original budget estimates of \$24.1 million. This difference was primarily due to lower than anticipated tax revenue.

**Rocky River City School District**  
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Total expenditures on the final budget basis (cash outlays plus encumbrances) were \$25.0 million, about \$.2 million below the School District's original budget. This was primarily due to lower than anticipated spending on special instruction. On a budget basis, actual expenditures exceeded revenues by \$1.2 million.

*Capital Assets and Debt Administration*

Capital Assets

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

	Governmental Activities			Business Type Activities			Totals		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Land	\$0.7	\$0.7	\$0.7	\$0.1	\$0.1	\$0.1	\$0.8	\$0.8	\$0.8
Construction in Progress	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Land Improvements	0.9	1.0	1.0	0.0	0.0	0.0	0.9	1.0	1.0
Buildings and Improvements	31.4	32.2	33.5	0.2	0.2	0.2	31.6	32.4	33.7
Furniture and Equipment	0.9	0.9	1.0	0.0	0.0	0.0	0.9	0.9	1.0
Vehicles	0.6	0.4	0.5	0.0	0.0	0.0	0.6	0.4	0.5
<i>Total</i>	<u>\$34.6</u>	<u>\$35.2</u>	<u>\$36.7</u>	<u>\$0.3</u>	<u>\$0.3</u>	<u>\$0.3</u>	<u>\$34.9</u>	<u>\$35.5</u>	<u>\$37.0</u>

At the end of fiscal 2004 the School District had \$34.9 million in capital assets. This is the value of land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles after depreciation is taken off their value. Of this total, \$34.6 million was in governmental activities. The largest component of these capital assets is buildings and improvements.

Total capital assets decreased from \$35.5 million in 2003 to \$34.9 million for 2004. This decrease was the result of capital acquisitions not fully offsetting depreciation expense.

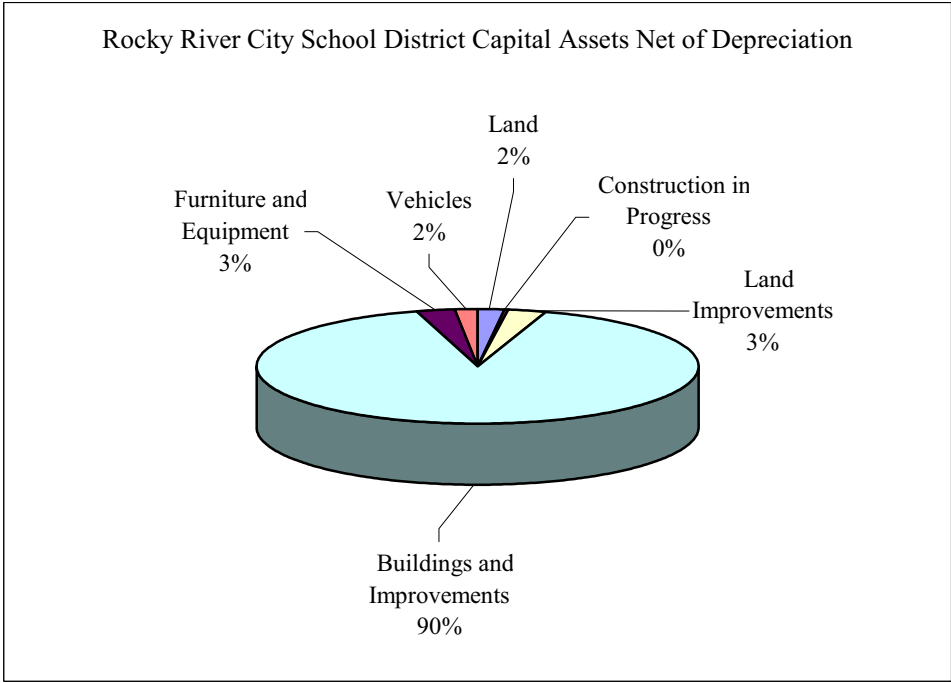
For additional information on capital assets, see Note 9 to the basic financial statements.

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

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

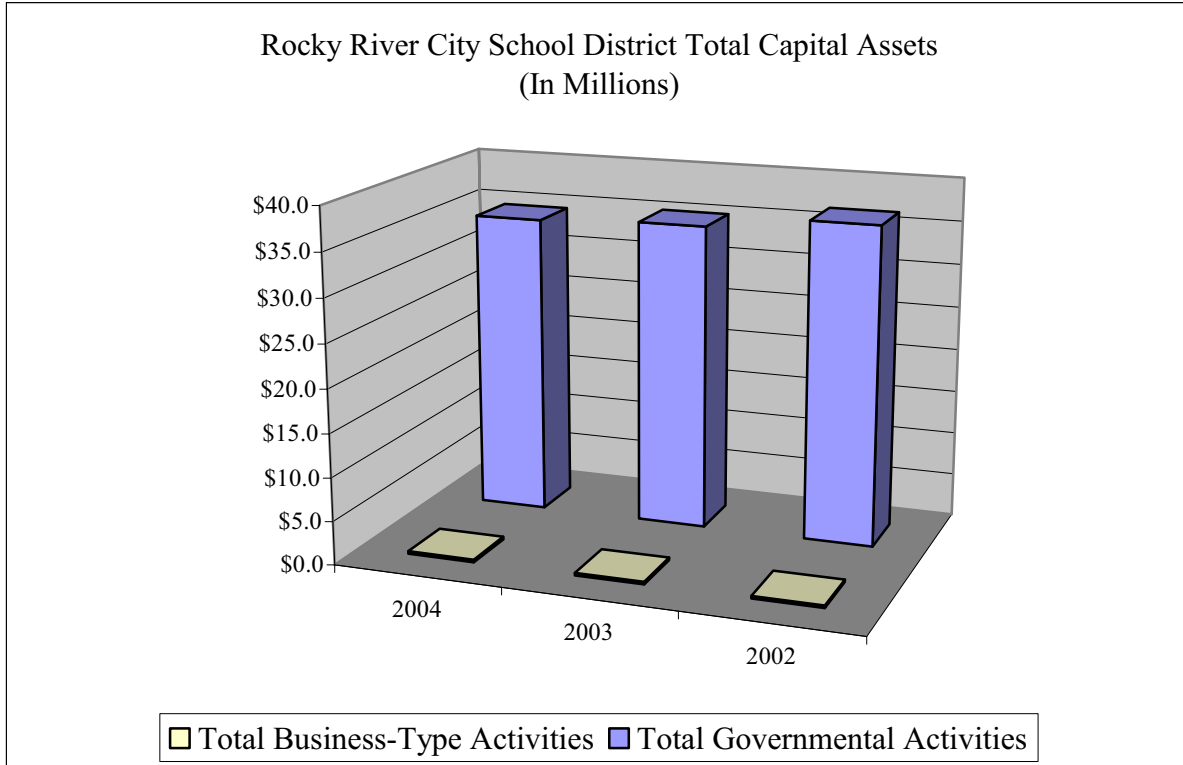
	Total 2004
Land	\$0.8
Construction in Progress	0.1
Land Improvements	0.9
Building and Improvements	31.6
Furniture and Equipment	0.9
Vehicles	0.6
<b>Total</b>	<b>\$34.9</b>



**Rocky River City School District**  
*Management's Discussion and Analysis*  
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**Graph 6**  
**Capital Assets – Governmental and Business-Type Activities**  
(In millions)

	2004	2003	2002
Total Governmental Activities	\$34.6	\$35.2	\$36.7
Total Business-Type Activities	0.3	0.3	0.3



**Debt**

At June 30, 2004 the School District had \$25.1 million in bonds outstanding.

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

	Governmental Activities		
	2004	2003	2002
School Building General Obligation Bonds	\$19.3	\$20.3	\$21.2
School Building Refunding Bonds	5.8	6.5	7.1
<i>Total</i>	\$25.1	\$26.8	\$28.3

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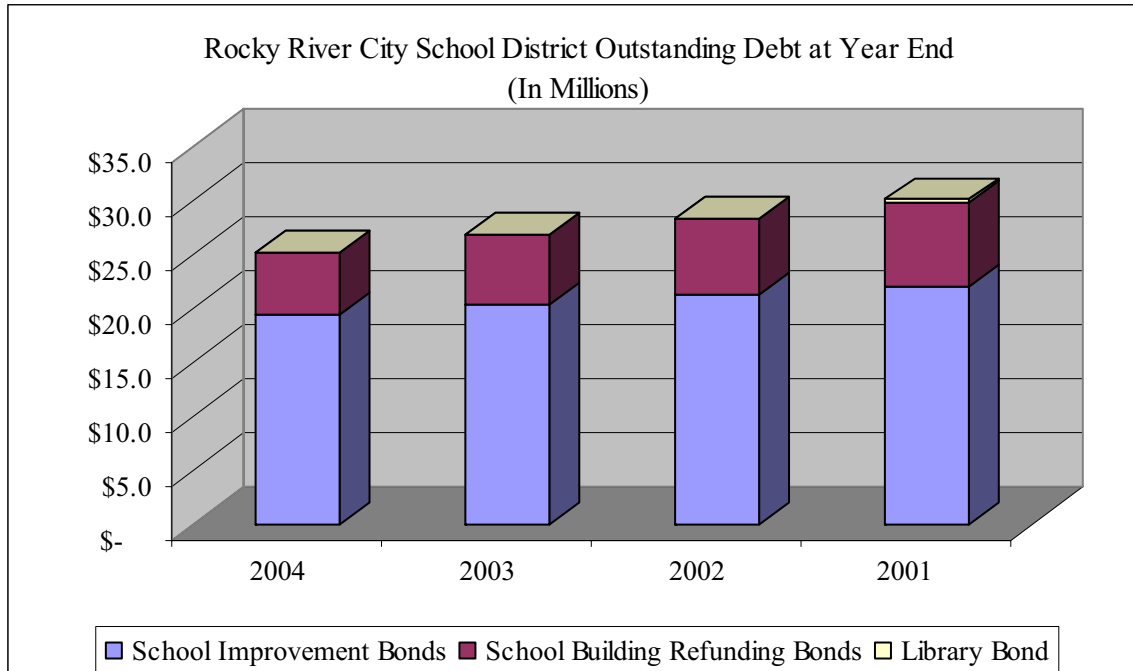
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The School Building Improvement Bonds were issued following passage of the bond issue in November 1997. The bonds were issued in February 1998 in the amount of \$24.5 million. The proceeds of the issue funded the construction of the new middle school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

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

The School District overall debt margin increased to \$40.9 million. This is the additional amount the School District could issue as debt. The debt margin has increased \$7.1 million, or 21.0 percent, in one year, due to the paying down of current debt and increasing property valuations. For additional information on debt, see Note 15 to the basic financial statements.

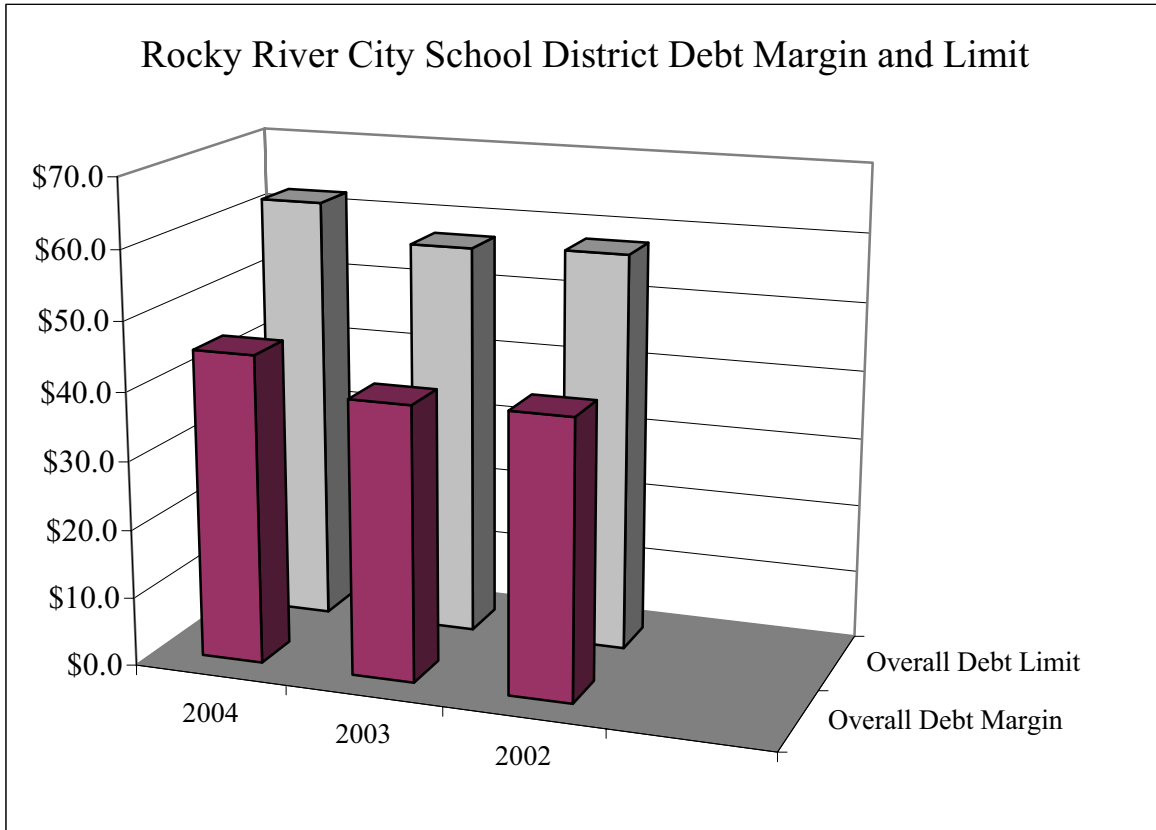
**Graph 7**  
Outstanding Debt at Year End



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

**Graph 8**  
 Debt Limit and Margin

	2004	2003	2002
Overall Debt Limit	\$62.3	\$57.2	\$57.9
Overall Debt Margin	40.9	33.8	33.0



**Current Financial Related Activities**

Rocky River City School District continues to be financially stable. As the preceding information shows, the School district heavily depends on its property taxpayers. With the passage of a 4.9 mill-operating levy in 2002 the School District was able to continue its education programs. However, financially the future is not without challenge.

While the School District was successful in increasing its tax revenue base by \$3.1 million annually, this increase is a one-time increase. State law fixes the amount of this increase, forcing it to remain nearly constant. Thus management must diligently plan expenses, staying carefully within the School District's three-year plan. The next levy three-year cycle will begin in 2005 with the need for additional levy revenue.

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

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

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

In conclusion, Rocky River City School District has committed itself to financial excellence for many years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1991 as well as the Association of School Business Officials (ASBO) Certificate of Excellence in financial Reporting. The School District was one of the first School Districts in the nation to receive the GFOA Certificate of Achievement for its 2001 Comprehensive Annual Financial Report using the new financial reporting model.

In addition, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

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

This financial report is designed to provide our citizen's, taxpayers, 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 any questions about this report or need additional financial information contact Bill Bornhauser, Treasurer/CFO at Rocky River City School District, 21600 Center Ridge Road, Rocky River, Ohio, 44116-3980.or by e-mail [bill\\_bornhauser@admin.rockyriver.k12.oh.us](mailto:bill_bornhauser@admin.rockyriver.k12.oh.us).

**BASIC FINANCIAL STATEMENTS**



**Rocky River City School District**

*Statement of Net Assets*

*June 30, 2004*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,918,306	\$125,458	\$7,043,764
Cash and Cash Equivalents With Fiscal Agents	1,831	0	1,831
Accounts Receivable	5,167	126	5,293
Intergovernmental Receivable	997	6,742	7,739
Inventory Held for Resale	0	16,993	16,993
Materials and Supplies Inventory	38,549	1,905	40,454
Taxes Receivable	23,802,881	0	23,802,881
Nondepreciable Capital Assets	830,443	48,591	879,034
Depreciable Capital Assets	33,818,932	273,258	34,092,190
<i>Total Assets</i>	<u>65,417,106</u>	<u>473,073</u>	<u>65,890,179</u>
<b>Liabilities</b>			
Accounts Payable	89,761	1,500	91,261
Contracts Payable	360,606	1,729	362,335
Accrued Wages	1,807,324	8,703	1,816,027
Deferred Revenue	18,752,648	0	18,752,648
Intergovernmental Payable	916,174	33,864	950,038
Matured Interest Payable	1,831	0	1,831
Accrued Interest Payable	101,764	0	101,764
Claims Payable	440,328	0	440,328
Long-Term Liabilities:			
Due Within One Year	2,233,688	2,671	2,236,359
Due in More Than One Year	27,104,059	38,001	27,142,060
<i>Total Liabilities</i>	<u>51,808,183</u>	<u>86,468</u>	<u>51,894,651</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	10,240,247	321,849	10,562,096
Restricted for:			
Capital Projects	49,098	0	49,098
Debt Service	3,126,968	0	3,126,968
Set Asides	101,708	0	101,708
Locally Funded Programs	6,296	0	6,296
State Funded Programs	62,388	0	62,388
Federally Funded Programs	83,287	0	83,287
Student Activities	58,640	0	58,640
Public School Support	120,435	0	120,435
Unrestricted (Deficit)	(240,144)	64,756	(175,388)
<i>Total Net Assets</i>	<u>\$13,608,923</u>	<u>\$386,605</u>	<u>\$13,995,528</u>

See accompanying notes to the basic financial statements

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

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Instruction:				
Regular	\$12,507,785	\$152,570	\$118,397	\$12,000
Special	3,189,411	0	341,721	0
Vocational	223,699	0	0	0
Support Services:				
Pupil	1,638,968	39,731	35,173	0
Instructional Staff	906,393	119,609	28,369	0
Board of Education	22,850	0	0	0
Administration	1,518,691	0	0	0
Fiscal	664,869	0	0	0
Business	478,341	0	0	0
Operation and Maintenance of Plant	3,344,093	146,517	0	0
Pupil Transportation	1,410,415	0	0	0
Central	594,391	0	9,493	0
Operation of Non-Instructional Services	1,301,536	0	1,319,171	0
Extracurricular Activities	1,253,542	230,704	58,087	0
Interest and Fiscal Charges	1,411,684	0	0	0
<i>Total Governmental Activities</i>	<u>30,466,668</u>	<u>689,131</u>	<u>1,910,411</u>	<u>12,000</u>
<b>Business-Type Activities</b>				
Food Service	459,559	353,749	78,887	0
Uniform School Supplies	21,370	25,147	0	0
Community Programs	303,886	272,209	0	0
<i>Total Business-Type Activities</i>	<u>784,815</u>	<u>651,105</u>	<u>78,887</u>	<u>0</u>
<i>Totals</i>	<u>\$31,251,483</u>	<u>\$1,340,236</u>	<u>\$1,989,298</u>	<u>\$12,000</u>

**General Revenues**

Property Taxes Levied for:

General Purposes

Debt Service

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

*Total General Revenues*

Change in Net Assets

*Net Assets Beginning of Year - Restated (See Note 3)*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$12,224,818)	\$0	(\$12,224,818)
(2,847,690)	0	(2,847,690)
(223,699)	0	(223,699)
(1,564,064)	0	(1,564,064)
(758,415)	0	(758,415)
(22,850)	0	(22,850)
(1,518,691)	0	(1,518,691)
(664,869)	0	(664,869)
(478,341)	0	(478,341)
(3,197,576)	0	(3,197,576)
(1,410,415)	0	(1,410,415)
(584,898)	0	(584,898)
17,635	0	17,635
(964,751)	0	(964,751)
(1,411,684)	0	(1,411,684)
(27,855,126)	0	(27,855,126)
0	(26,923)	(26,923)
0	3,777	3,777
0	(31,677)	(31,677)
0	(54,823)	(54,823)
(27,855,126)	(54,823)	(27,909,949)
20,408,336	0	20,408,336
2,909,441	0	2,909,441
4,432,768	0	4,432,768
94,157	898	95,055
5,801	3,878	9,679
27,850,503	4,776	27,855,279
(4,623)	(50,047)	(54,670)
13,613,546	436,652	14,050,198
\$13,608,923	\$386,605	\$13,995,528

**Rocky River City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2004*

	<u>General</u>	<u>Bond Retirement Debt Service</u>	<u>Building Capital Projects</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,316,000	\$2,051,108	\$345,125
Cash and Cash Equivalents			
With Fiscal Agents	0	1,831	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	101,708	0	0
Accounts Receivable	1,184	0	0
Intergovernmental Receivable	0	0	0
Interfund Receivable	0	540,452	0
Materials and Supplies Inventory	38,549	0	0
Taxes Receivable	20,800,293	3,002,588	0
<i>Total Assets</i>	<u>\$24,257,734</u>	<u>\$5,595,979</u>	<u>\$345,125</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$62,519	\$0	\$0
Contracts Payable	39,726	0	308,880
Accrued Wages	1,806,927	0	0
Intergovernmental Payable	455,077	0	0
Deferred Revenue	17,519,371	2,530,145	0
Interfund Payable	0	0	540,452
Matured Interest Payable	0	1,831	0
<i>Total Liabilities</i>	<u>19,883,620</u>	<u>2,531,976</u>	<u>849,332</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	587,782	0	303,925
Reserved for Unclaimed Monies	9,288	0	0
Reserved for Property Taxes	3,217,737	468,101	0
Reserved for Budget Stabilization	101,708	0	0
Unreserved, Undesignated (Deficit) , Reported in:			
General Fund	457,599	0	0
Special Revenue Funds	0	0	0
Debt Service Fund	0	2,595,902	0
Capital Projects Funds	0	0	(808,132)
<i>Total Fund Balances</i>	<u>4,374,114</u>	<u>3,064,003</u>	<u>(504,207)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$24,257,734</u>	<u>\$5,595,979</u>	<u>\$345,125</u>

See accompanying notes to the basic financial statements

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

Other Governmental Funds	Total Governmental Funds	<b>Total Governmental Funds Balances</b>	\$7,647,353
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$752,656	\$6,464,889	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	34,649,375
0	1,831	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
0	101,708	Delinquent Property Taxes	1,296,868
3,983	5,167	Grants	997
997	997		
0	540,452	Total	1,297,865
0	38,549		
0	23,802,881	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.	(457,540)
\$757,636	\$30,956,474		
		In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(101,764)
\$27,242	\$89,761		
12,000	360,606	The internal service fund is used by management to charge the costs of insurance. The assets and liabilities of the internal service fund are included in governmental activities in the statement of activities.	(88,619)
397	1,807,324		
3,557	458,634	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
997	20,050,513	General Obligation Bonds	(25,148,563)
0	540,452	Compensated Absences	(4,189,184)
0	1,831	Total	(29,337,747)
44,193	23,309,121	<i>Net Assets of Governmental Activities</i>	\$13,608,923
499,018	1,390,725		
0	9,288		
0	3,685,838		
0	101,708		
0	457,599		
193,733	193,733		
0	2,595,902		
20,692	(787,440)		
713,443	7,647,353		
\$757,636	\$30,956,474		

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

	General	Bond Retirement Debt Service	Building Capital Projects
<b>Revenues</b>			
Taxes	\$20,424,280	\$2,939,747	\$0
Intergovernmental	4,099,777	382,670	0
Interest	83,933	0	3,125
Charges for Services	119,609	0	0
Tuition and Fees	152,570	0	0
Extracurricular Activities	0	0	0
Rentals	24,094	0	65,000
Contributions and Donations	0	0	0
Miscellaneous	1,647	0	0
<i>Total Revenues</i>	<u>24,905,910</u>	<u>3,322,417</u>	<u>68,125</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	11,376,621	0	0
Special	2,511,268	0	0
Vocational	223,699	0	0
Support Services:			
Pupil	1,380,913	0	0
Instructional Staff	823,139	0	0
Board of Education	23,573	0	0
Administration	1,393,006	0	0
Fiscal	639,695	35,059	0
Business	435,357	0	0
Operation and Maintenance of Plant	3,030,354	0	0
Pupil Transportation	1,071,030	0	0
Central	604,115	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	682,016	0	0
Capital Outlay	112,737	0	1,573,309
Debt Service:			
Principal Retirement	0	1,780,000	0
Interest and Fiscal Charges	0	1,249,589	5,000
<i>Total Expenditures</i>	<u>24,307,523</u>	<u>3,064,648</u>	<u>1,578,309</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>598,387</u>	<u>257,769</u>	<u>(1,510,184)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	0	33,668
Transfers Out	(33,668)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(33,668)</u>	<u>0</u>	<u>33,668</u>
<i>Net Change in Fund Balances</i>	564,719	257,769	(1,476,516)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>3,809,395</u>	<u>2,806,234</u>	<u>972,309</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$4,374,114</u>	<u>\$3,064,003</u>	<u>(\$504,207)</u>

See accompanying notes to the basic financial statements

**Rocky River City School District**

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

Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Fund Balances -Total Governmental Funds</b>	<b>(\$688,161)</b>
		<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
		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.	
\$0	\$23,364,027	Capital Asset Additions	1,178,435
1,828,417	6,310,864	Current Year Depreciation	<u>(1,738,786)</u>
7,099	94,157	Total	(560,351)
0	119,609		
104,685	257,255	Governmental Funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(3,465)
165,750	165,750		
57,423	146,517	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
92,997	92,997	Delinquent Property Taxes	(46,250)
4,154	5,801	Grants	<u>(48,682)</u>
<u>2,260,525</u>	<u>30,556,977</u>	Total	(94,932)
		Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	1,780,000
113,403	11,490,024	In the statement of activities, interest is accrued on outstanding bonds and bond accretion is amortized over the life of the bonds, whereas in governmental funds, an interest expenditure is reported when due.	
291,569	2,802,837	Accrued Interest Payable	5,700
0	223,699	Bond Accretion	<u>(162,795)</u>
50,576	1,431,489	Total	(157,095)
26,709	849,848	The internal service fund used by management to charge the costs of insurance to individual funds are 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.	(88,619)
0	23,573		
0	1,393,006	Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
0	674,754	Compensated Absences	(16,076)
0	435,357	Pension Obligation	<u>(175,924)</u>
0	3,030,354	Total	(192,000)
0	1,071,030		
27,756	631,871	Change in Net Assets of Governmental Activities	<u><u>(\$4,623)</u></u>
1,316,648	1,316,648		
271,518	953,534		
196,479	1,882,525		
0	1,780,000		
0	1,254,589		
<u>2,294,658</u>	<u>31,245,138</u>		
<u>(34,133)</u>	<u>(688,161)</u>		
0	33,668		
0	(33,668)		
0	0		
<u>(34,133)</u>	<u>(688,161)</u>		
747,576	8,335,514		
<u>\$713,443</u>	<u>\$7,647,353</u>		

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$19,456,044	\$19,133,676	\$19,133,676	\$0
Intergovernmental	3,947,700	4,109,066	4,109,066	0
Interest	350,000	92,089	92,089	0
Charges For Services	84,000	119,609	119,609	0
Tuition and Fees	225,000	152,975	152,975	0
Rentals	68,000	26,688	26,688	0
Miscellaneous	1,000	463	463	0
<i>Total Revenues</i>	24,131,744	23,634,566	23,634,566	0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	11,164,072	11,169,734	11,359,476	(189,742)
Special	3,192,461	3,161,223	2,745,758	415,465
Vocational	270,321	270,321	266,105	4,216
Support Services:				
Pupil	1,414,190	1,432,751	1,370,936	61,815
Instructional Staff	820,124	798,643	824,316	(25,673)
Board of Education	27,632	29,632	27,036	2,596
Administration	1,384,254	1,391,143	1,389,097	2,046
Fiscal	630,810	622,810	736,124	(113,314)
Business	390,282	421,152	439,026	(17,874)
Operation and Maintenance of Plant	3,111,411	3,103,507	3,016,376	87,131
Pupil Transportation	1,067,677	1,077,975	1,142,890	(64,915)
Central	722,941	730,941	677,423	53,518
Extracurricular Activities	648,950	643,536	677,405	(33,869)
Capital Outlay	4,775	117,014	112,737	4,277
<i>Total Expenditures</i>	24,849,900	24,970,382	24,784,705	185,677
<i>Excess of Revenues Under Expenditures</i>	(718,156)	(1,335,816)	(1,150,139)	185,677
<b>Other Financing Sources (Uses):</b>				
Advances In	0	131	131	0
Transfers Out	(29,700)	(29,700)	(33,668)	3,968
<i>Total Other Financing Sources (Uses)</i>	(29,700)	(29,569)	(33,537)	3,968
<i>Net Change In Fund Balance</i>	(747,856)	(1,365,385)	(1,183,676)	181,709
<i>Fund Balance Beginning of Year</i>	3,154,543	3,154,543	3,154,543	0
Prior Year Encumbrances Appropriated	822,809	822,809	822,809	0
<i>Fund Balance End of Year</i>	\$3,229,496	\$2,611,967	\$2,793,676	\$181,709

See Accompanying Notes to the Basic Financial Statements



**Rocky River City School District**

*Statement of Fund Net Assets*

*Proprietary Funds*

*June 30, 2004*

	Business-Type Activities			Total	Governmental Activities - Internal Service Fund
	Food Service	Uniform School Supplies	Community Programs		
<b>Assets</b>					
<i>Current Assets</i>					
Equity in Pooled Cash and Cash Equivalents	\$72,735	\$17,384	\$35,339	\$125,458	\$351,709
Accounts Receivable	126	0	0	126	0
Intergovernmental Receivable	6,742	0	0	6,742	0
Inventory Held for Resale	7,457	9,536	0	16,993	0
Materials and Supplies Inventory	1,905	0	0	1,905	0
<i>Total Current Assets</i>	<u>88,965</u>	<u>26,920</u>	<u>35,339</u>	<u>151,224</u>	<u>351,709</u>
<i>Noncurrent Assets</i>					
Nondepreciable Capital Assets	0	0	48,591	48,591	0
Depreciable Capital Assets, Net	23,051	0	250,207	273,258	0
<i>Total Noncurrent Assets</i>	<u>23,051</u>	<u>0</u>	<u>298,798</u>	<u>321,849</u>	<u>0</u>
<i>Total Assets</i>	<u>112,016</u>	<u>26,920</u>	<u>334,137</u>	<u>473,073</u>	<u>351,709</u>
<b>Liabilities</b>					
<i>Current Liabilities</i>					
Accounts Payable	0	0	1,500	1,500	0
Contracts Payable	515	0	1,214	1,729	0
Claims Payable	0	0	0	0	440,328
Accrued Wages	6,937	0	1,766	8,703	0
Intergovernmental Payable	24,834	0	9,030	33,864	0
Special Termination Benefit Payable	0	0	0	0	0
Compensated Absences Payable	2,671	0	0	2,671	0
<i>Total Current Liabilities</i>	<u>34,957</u>	<u>0</u>	<u>13,510</u>	<u>48,467</u>	<u>440,328</u>
<i>Long-Term Liabilities</i>					
Compensated Absences Payable	35,254	0	2,747	38,001	0
<i>Total Liabilities</i>	<u>70,211</u>	<u>0</u>	<u>16,257</u>	<u>86,468</u>	<u>440,328</u>
<b>Net Assets</b>					
Invested in Capital Assets	23,051	0	298,798	321,849	0
Unrestricted	18,754	26,920	19,082	64,756	(88,619)
<i>Total Net Assets</i>	<u>\$41,805</u>	<u>\$26,920</u>	<u>\$317,880</u>	<u>\$386,605</u>	<u>(\$88,619)</u>

See accompanying notes to the basic financial statements

**Rocky River City School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2004*

	Business-Type Activities			Total	Governmental Activities - Internal Service Fund
	Food Service	Uniform School Supplies	Community Programs		
<b>Operating Revenues</b>					
Sales	\$353,749	\$25,147	\$0	\$378,896	\$0
Charges for Services	0	0	0	0	\$965,510
Tuition and Fees	0	0	272,209	272,209	0
Miscellaneous	0	0	3,878	3,878	0
<i>Total Operating Revenues</i>	<u>353,749</u>	<u>25,147</u>	<u>276,087</u>	<u>654,983</u>	<u>965,510</u>
<b>Operating Expenses</b>					
Salaries	134,761	0	27,915	162,676	0
Fringe Benefits	58,439	0	7,881	66,320	0
Purchased Services	7,717	0	78,450	86,167	120,600
Materials and Supplies	54,152	0	121,506	175,658	0
Claims	0	0	0	0	933,529
Cost of Sales	199,122	21,370	0	220,492	0
Depreciation	5,368	0	15,416	20,784	0
Other	0	0	52,718	52,718	0
<i>Total Operating Expenses</i>	<u>459,559</u>	<u>21,370</u>	<u>303,886</u>	<u>784,815</u>	<u>1,054,129</u>
<i>Operating Income (Loss)</i>	<u>(105,810)</u>	<u>3,777</u>	<u>(27,799)</u>	<u>(129,832)</u>	<u>(88,619)</u>
<b>Non-Operating Revenues</b>					
Donated Commodities	30,563	0	0	30,563	0
Interest	898	0	0	898	0
Operating Grants	48,324	0	0	48,324	0
<i>Total Non-Operating Revenues</i>	<u>79,785</u>	<u>0</u>	<u>0</u>	<u>79,785</u>	<u>0</u>
<i>Change in Net Assets</i>	<u>(26,025)</u>	<u>3,777</u>	<u>(27,799)</u>	<u>(50,047)</u>	<u>(88,619)</u>
<i>Net Assets Beginning of Year</i>	<u>67,830</u>	<u>23,143</u>	<u>345,679</u>	<u>436,652</u>	<u>0</u>
<i>Net Assets End of Year</i>	<u>\$41,805</u>	<u>\$26,920</u>	<u>\$317,880</u>	<u>\$386,605</u>	<u>(\$88,619)</u>

See accompanying notes to the basic financial statements

**Rocky River City School District**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2004

	Business-Type Activities			Totals	Governmental Activities - Internal Service Fund
	Food Service	Uniform School Supplies	Community Programs		
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>					
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$353,999	\$25,147	\$0	\$379,146	\$0
Cash Received from Tuition Payments	0	0	281,269	281,269	0
Cash Received from Interfund Services	0	0	0	0	965,510
Cash Received from Other	0	0	3,878	3,878	0
Cash Payments to Suppliers for Goods and Services	(233,755)	(24,417)	(219,141)	(477,313)	(120,600)
Cash Payments to Employees for Services	(184,255)	0	(30,004)	(214,259)	0
Cash Payments for Claims	0	0	0	0	(493,201)
Cash Payments for Other	0	0	(52,718)	(52,718)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	(64,011)	730	(16,716)	(79,997)	351,709
<b>Cash Flows from Noncapital Financing Activities</b>					
Operating Grants Received	48,034	0	0	48,034	0
<b>Cash Flows from Capital and Related Financing Activities</b>					
Payments for Capital Acquisitions	(5,630)	0	(3,798)	(9,428)	0
<b>Cash Flows from Investing Activities:</b>					
Interest	898	0	0	898	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(20,709)	730	(20,514)	(40,493)	351,709
<i>Cash and Cash Equivalents Beginning of Year</i>	93,444	16,654	55,853	165,951	0
<i>Cash and Cash Equivalents End of Year</i>	<u>\$72,735</u>	<u>\$17,384</u>	<u>\$35,339</u>	<u>\$125,458</u>	<u>\$351,709</u>

(continued)

**Rocky River City School District**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
For the Fiscal Year Ended June 30, 2004

	Business-Type Activities			Totals	Governmental Activities - Internal Service Fund
	Food Service	Uniform School Supplies	Community Programs		
<b><i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</i></b>					
Operating Income (Loss)	(\$105,810)	\$3,777	(\$27,799)	(\$129,832)	(\$88,619)
Adjustments:					
Depreciation	5,368	0	15,416	20,784	0
Donated Commodities Received During Year	30,563	0	0	30,563	0
(Increase) Decrease in Assets:					
Accounts Receivable	250	0	9,060	9,310	0
Inventory Held for Resale	(3,660)	(2,711)	0	(6,371)	0
Materials and Supplies Inventory	(182)	0	0	(182)	0
Increase (Decrease) in Liabilities:					
Accounts Payable	0	(336)	(20,399)	(20,735)	0
Contracts Payable	515	0	1,214	1,729	0
Claims Payable	0	0	0	0	440,328
Accrued Wages	4,139	0	(19)	4,120	0
Compensated Absences Payable	(3,862)	0	42	(3,820)	0
Intergovernmental Payable	8,668	0	5,769	14,437	0
<b><i>Total Adjustments</i></b>	<b>41,799</b>	<b>(3,047)</b>	<b>11,083</b>	<b>49,835</b>	<b>440,328</b>
<b><i>Net Cash Provided by (Used for) Operating Activities</i></b>	<b><u>(\$64,011)</u></b>	<b><u>\$730</u></b>	<b><u>(\$16,716)</u></b>	<b><u>(\$79,997)</u></b>	<b><u>\$351,709</u></b>

**Non-Cash Non Capital Activity:**

Federal donated commodities in the amount of \$30,563 were recorded as revenue when received in the food service fund.

See accompanying notes to the basic financial statements

**Rocky River City School District**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2004*

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	Private Purpose Trust	
	<u>Special Trust</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$39,656	<u>\$82,187</u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$82,187</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>\$39,656</u>	

See accompanying notes to the basic financial statements

**Rocky River City School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2004*

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	<u>Special Trust</u>
<b>Additions</b>	
Interest	\$422
Contributions and Donations	<u>31,350</u>
<i>Total Additions</i>	31,772
<b>Deductions</b>	
Scholarships Awarded	<u>28,670</u>
<i>Change in Net Assets</i>	3,102
<i>Net Assets Beginning of Year</i>	<u>36,554</u>
<i>Net Assets End of Year</i>	<u><u>\$39,656</u></u>

See accompanying notes to the basic financial statements

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

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

Rocky River City School District (the "School District") is organized under Article VI, Sections 2 and 3 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 provides educational services as authorized by State statute and federal guidelines.

The School District is located in a suburban area west of Cleveland, Ohio. It is located in Cuyahoga County, and encompasses the entire City of Rocky River and a small portion of the City of Fairview Park. It is staffed by 162 certificated teaching personnel, 112 non-certificated support staff personnel, 14 administrative employees and 4 managers who provide services to 2,598 students and other community members. The School District currently operates a primary school, an intermediate school, a middle school, and a high school.

***Reporting Entity***

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

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

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 Rocky River City School District does not have any component units.

The School District participates in two jointly governed organizations and an insurance purchasing pool and is associated with a related organization. These organizations are the Lakeshore Northeast Ohio Computer Association, the Ohio Schools Council Association, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Rocky River Public Library. These organizations are discussed in Notes 16, 17, and 18 to the basic financial statements.

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

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

The financial statements of the Rocky River 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 business-type activities and to its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The School District has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. 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 statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at 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 and for three business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore are 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 business-type activity and 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

***B. Fund Accounting***

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



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

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

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

**Building Fund** The Building fund accounts for bond proceeds and interest revenue to be used for the construction of a middle school.

The other Governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds** Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as enterprise and internal service.

**Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise funds are:

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

**Uniform School Supplies Fund** This fund accounts for the purchase and sale of school supplies for use in the School District. Profits derived from such sales are used for school purposes or activities connected with the school.

**Community Programs Fund** This fund accounts for the community education program operations.

**Internal Service Fund** Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The only internal service fund of the School District accounts for self-insurance program which provides medical, prescription drug and dental benefits to 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's only trust fund is a private purpose trust which accounts for a college scholarship program for students. 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 managed activities.

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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**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 (i.e. expenses) in total net assets.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only 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, all the enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (e.g., revenues) and decreases (e.g., 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 enterprise activities.

The private purpose trust fund is accounted for using the flow of economic resources measurement focus.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the 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 are expected to be collected 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 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.

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

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

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

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

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

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

***E. Cash and Investments***

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented as "cash and cash equivalents with fiscal agents" and represents deposits.

During fiscal year 2004, investments were limited to STAROhio, repurchase agreements, Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation notes.

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the fiscal year 2004 amounted to \$83,933, which includes \$45,382 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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***F. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventories consist of donated food, purchased food and school supplies held for resale, and materials and supplies held for consumption.

***G. 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, laws of other governments, or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

***H. Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed 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. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	30 years	N/A
Buildings and Improvements	10 - 30 years	30 years
Furniture and Equipment	5 - 10 years	5 - 10 years
Vehicles	10 years	N/A

***I. 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 and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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***J. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

***K. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from enterprise funds are reported on the enterprise 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, special termination benefits 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 year. Bonds are recognized as a liability on the governmental fund financial statements when due.

***L. Net Assets***

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

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

***M. Fund Balance Reserves***

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, unclaimed monies, property taxes and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money set aside to protect against cyclical changes in revenues and expenditures. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved.

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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***N. 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 sales for food service and uniform school supplies and charges for services for community education and self insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the funds. All revenues and expenses not meeting this definition are reported as nonoperating.

***O. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

***P. Estimates***

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

***Q. Budgetary Process***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed prior to fiscal year-end.

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

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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**Note 3 – Change in Accounting Principle and Restatement of Fund Balances/Net Assets**

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

At June 30, 2003 it was determined that intergovernmental payable was overstated by \$76. This adjustment increased the fund balance of governmental funds at June 30, 2003 from \$8,335,438 to \$8,335,514 and increased the net assets of governmental activities from \$13,613,470 to \$13,613,546.

These adjustments increased the change in the governmental fund balances by \$76 from (\$2,644,610) to (\$2,644,534) and increased the change in net assets by \$76 from (\$2,462,324) to (\$2,462,248).

**Note 4 – Accountability and Legal Compliance**

**A. Fund Deficits**

The following funds had deficit fund balances at June 30, 2004.

<b>Special Revenue Funds</b>	
Ohio Reads Grant	\$59
Summer Intervention	874
Title III	217
Title I	926
<b>Capital Projects Fund</b>	
Building	195,854

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

**B. Legal Compliance**

Contrary to Ohio Revised Code Section 5705.39, the following funds had final appropriations in excess of final estimated revenues and carryover balances:

Fund	Final Estimated Revenue Plus Carryover Balances	Final Appropriations	Excess
<b>Nonmajor Funds</b>			
District Managed Student Activities	\$335,238	\$368,354	(\$33,116)
Auxiliary Services	1,466,589	1,470,414	(3,825)
Title I	13,395	17,776	(4,381)
Drug Free Schools	8,347	9,850	(1,503)
Preschool Grant	12,486	13,292	(806)

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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Contrary to Ohio Revised Code Sections 5705.41(B) and (D), the following funds had expenditures plus encumbrances in excess of appropriations:

Fund	Appropriations	Expenditures Plus Encumbrances	Excess
<b>At February 29, 2004:</b>			
<i>Internal Service Fund</i>			
Self Insurance	\$0	\$23,585	(\$23,585)
<b>At June 30, 2004:</b>			
<i>Special Revenue Funds</i>			
Public School Support	41,960	50,505	(8,545)
Educational Management Information	18,320	27,812	(9,492)
<i>Capital Project Funds</i>			
Building	1,246,136	1,568,354	(322,218)
Permanent Improvement	376,945	619,405	(242,460)
<i>Enterprise Fund</i>			
Community Programs	269,021	320,025	(51,004)
<i>Private Purpost Trust</i>			
Special Trust	8,230	33,020	(24,790)

Although these budgetary violations were not corrected by fiscal year end, management has indicated that appropriations will be closely monitored to ensure no future violations.

**Note 5 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings 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) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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



**Rocky River City School District**  
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Net Change in Fund Balance

GAAP Basis	\$564,719
Revenue Accruals	(1,263,293)
Expenditure Accruals	154,901
Ending Fair Value Adjustment for Investments	(8,051)
Advances In	131
Encumbrances	<u>(632,083)</u>
Budget Basis	<u><u>(\$1,183,676)</u></u>

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

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

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 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;

**Rocky River City School District**  
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4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in the amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Cash on Hand** At year end, the School District had \$200 in unreported cash which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was (\$323,135) and the bank balance was \$44,421. The entire bank balance was covered by federal depository insurance.

**Investments** The School District's investments are required to be categorized below 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 which 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. The School District's investments in an investment pool operated by the Ohio State Treasurer are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Amount	Fair Value
Repurchase Agreements	\$498,723	\$498,723	\$498,723
Federal Home Loan Bank Bonds	3,119,135	3,119,135	3,119,135
Federal National Mortgage Association Notes	1,237,307	1,237,307	1,237,307
STAROhio		2,635,208	2,635,208
Totals	<u>\$4,855,165</u>	<u>\$7,490,373</u>	<u>\$7,490,373</u>

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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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 fund financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$7,167,438	\$0
Cash on Hand	(200)	0
Investments of the Cash Management Pool:		
Repurchase Agreements	(498,723)	498,723
Federal Home Loan Bank Bonds	(3,119,135)	3,119,135
Federal National Mortgage Association Notes	(1,237,307)	1,237,307
STAROhio	(2,635,208)	2,635,208
GASB Statement 3	(\$323,135)	\$7,490,373

**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 year 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax revenue received during calendar year 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment 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. This year, the June 2004 tangible personal property tax settlement was not received until July 2004.

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

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*For the Fiscal Year Ended June 30, 2004*

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

The amount available as an advance at June 30, 2004 was \$3,217,737 in the general fund and \$468,101 in the bond retirement debt service fund. The amount available as an advance at June 30, 2003 was \$1,928,402 in the general fund and \$317,844 in the bond retirement debt service 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 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$604,957,220	95.19 %	\$663,153,590	95.82 %
Public Utility Personal	10,146,330	1.60	10,150,730	1.47
Tangible Personal Property	20,434,063	3.21	18,767,823	2.71
<b>Total</b>	<u>\$635,537,613</u>	<u>100.00 %</u>	<u>\$692,072,143</u>	<u>100.00 %</u>
 Tax rate per \$1,000 of assessed valuation	 \$72.40		 \$76.35	

The increase in the tax rate is due to a revaluation in calendar year 2003.

**Note 8 – Receivables**

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees) 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:

	<u>Amounts</u>
Drug Free Schools Grant	<u>\$997</u>
Food Service Subsidy	<u>6,742</u>
<b>Grand Total</b>	<u><u>\$7,739</u></u>

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

**Note 9 - Capital Assets**

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

	Balance 6/30/2003	Additions	Deductions	Balance 6/30/2004
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$722,230	\$0	\$0	\$722,230
Construction in Progress	0	108,213	0	108,213
<i>Total Capital Assets, not being depreciated</i>	<u>722,230</u>	<u>108,213</u>	<u>0</u>	<u>830,443</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,349,792	0	0	1,349,792
Buildings and Improvements	46,663,913	610,113	0	47,274,026
Furniture and Equipment	2,831,758	228,928	(61,235)	2,999,451
Vehicles	1,170,350	231,181	(142,574)	1,258,957
<i>Total Capital Assets, being depreciated</i>	<u>52,015,813</u>	<u>1,070,222</u>	<u>(203,809)</u>	<u>52,882,226</u>
Less Accumulated Depreciation:				
Land Improvements	(380,331)	(48,742)	0	(429,073)
Buildings and Improvements	(14,480,702)	(1,377,847)	0	(15,858,549)
Furniture and Equipment	(1,946,409)	(229,991)	60,658	(2,115,742)
Vehicles	(717,410)	(82,206)	139,686	(659,930)
Total Accumulated Depreciation	<u>(17,524,852)</u>	<u>(1,738,786) *</u>	<u>200,344</u>	<u>(19,063,294)</u>
Total Capital Assets being depreciated, Net	<u>34,490,961</u>	<u>(668,564)</u>	<u>(3,465)</u>	<u>33,818,932</u>
Governmental Activities Capital Assets, Net	<u>\$35,213,191</u>	<u>(\$560,351)</u>	<u>(\$3,465)</u>	<u>\$34,649,375</u>
<b>Business-Type Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$48,591	\$0	\$0	\$48,591
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	1,473,477	0	0	1,473,477
Land Improvements	25,000	0	0	25,000
Furniture and Equipment	79,952	9,428	(1,016)	88,364
<i>Total Capital Assets, being depreciated</i>	<u>1,578,429</u>	<u>9,428</u>	<u>(1,016)</u>	<u>1,586,841</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,228,486)	(13,611)	0	(1,242,097)
Land Improvements	(10,000)	(902)	0	(10,902)
Furniture and Equipment	(56,756)	(4,844)	1,016	(60,584)
Total Accumulated Depreciation	<u>(1,295,242)</u>	<u>(19,357)</u>	<u>1,016</u>	<u>(1,313,583)</u>
Total Capital Assets Being Depreciated, Net	<u>283,187</u>	<u>(9,929)</u>	<u>0</u>	<u>273,258</u>
Business-Type Activities Capital Assets, Net	<u>\$331,778</u>	<u>(\$9,929)</u>	<u>\$0</u>	<u>\$321,849</u>

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

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

Instruction:	
Regular	\$908,093
Special	294,114
Support Services:	
Pupils	92,745
Instructional Staff	54,575
Administration	106,472
Fiscal	2,183
Business	1,679
Operation and Maintenance of Plant	194,823
Pupil Transportation	67,256
Central	5,262
Extracurricular Activities	<u>11,584</u>
 Total Depreciation Expense	 <u><u>\$1,738,786</u></u>

**Note 10 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2004, the School District contracted with various insurance companies through the Ohio Schools Council insurance program. Indiana Insurance provides property, inland marine and crime insurance coverage. There is a \$5,000 deductible on building and contents, along with a \$1,000 deductible for crime insurance. The inland marine coverage has a deductible of \$250.

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

Indiana Insurance Company provides fleet and liability insurance. Automobile liability has a limit of \$2,006,000 with a \$250 deductible. The general liability provides coverage with a limit of \$1,000,000 per occurrence and \$2,000,000 per year. Coverage provided by these companies was as follows:

<u>Coverage</u>	<u>Amount</u>
Building and Contents-replacement cost	\$81,308,006
Inland Marine Coverage	2,717,727
Boiler and Machinery	30,000,000
Automobile Liability	2,006,000
General Liability	
Per occurrence	1,000,000
Umbrella	9,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

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

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**B. Employee Medical Benefits**

Commencing on February 1, 2004, the School District began operating and managing employee medical, prescription drug and dental benefits on a self-insured basis and established an internal service self insurance fund to account for their coverage. The School District provides three medical plans with different deductible options for single and family coverage, a prescription plan with a \$4 co-pay on generic brand prescriptions, and a dental plan with a 80% deductible and a \$1,500 limit per person per year. Bridge Benefits, the third party administrator, provides claim review and processing. These premiums are paid by the fund that pays the salary for each employee and is based on historical cost information. The School District purchased stop loss coverage of \$75,000 per individual and \$2,300,000 aggregate per year. For each employee, the School District paid monthly into the self insurance internal service fund \$852.66 for family coverage and \$327.56 for single coverage. These rates are paid by the fund from which the employees' salary is paid.

The claims liability of \$430,328 reported in the self insurance fund at June 30, 2004, was estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in fiscal year 2004 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2004	\$0	\$933,529	\$493,201	\$440,328

**C. Workers' Compensation**

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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

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**Note 11 - Defined Benefit 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 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to 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, 2004, 2003 and 2002 were \$341,695, \$290,045 and \$375,248 respectively; 71 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

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

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

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



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

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

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,553,006, \$1,433,559 and \$1,033,146 respectively; 83 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$18,153 made by the School District and \$32,735 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 Ohio), 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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$119,462 for fiscal year 2004.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll, a decrease of .92 percent from fiscal year 2003. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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credit. For fiscal year 2004, the minimum pay was established at \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$471,374.

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 the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

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

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

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Board of Education policies and State laws. Teachers do not earn vacation. Support staff personnel assigned to work less than 240 days annually do not earn vacation. Support staff personnel assigned to work 240 days or more and managers earn annual vacation leave from 10 to 20 days, based on years of service. Administrators are entitled to 20 to 25 days of vacation leave annually, based on years of service and performance evaluations. Administrators may not accrue or accumulate vacation days.

All regular employees earn sick leave at a rate of one and one-fourth days per month up to a maximum of 245 days. Support staff personnel and managers employed by the School District for a minimum of two years, and eligible to retire pursuant to State statute, are entitled to severance benefits based on accumulated sick leave. These employees receive one-third of the value of the unused sick leave up to a maximum of 75 days at the daily rate of pay at the time of retirement.

Teachers and administrators who resign with ten or more years of service, or those who meet the retirement eligibility requirements pursuant to State statute, are entitled to severance benefits equal to one-fourth of the value of unused sick leave up to a maximum of 40 days, plus twenty dollars per day for unused accumulated sick leave in excess of 120 days. Alternatively, teachers and administrators who resign during the year in which they attain 30 years of service credit with the State Teachers Retirement System are entitled to one-third of the value of unused sick leave up to a maximum of 70 days, plus an amount equal to thirty percent of the value of unused accumulated sick leave in excess of 120 days, plus \$350 per year served in the School District (\$650 for administrators) up to a maximum of 30 years.

### **Note 14 - Interfund Balances and Transfers**

An interfund receivable in the bond retirement fund and an interfund loan made to the building capital projects fund of \$540,452 represent the manuscript bonds issued during fiscal year 2004.

A transfer of \$33,668 was made during fiscal year 2004 from the general fund to the building capital projects fund. This transfer was made to move unrestricted balances to support the program.

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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**Note 15 - Long-Term Obligations**

The following is a schedule of the changes in long-term obligations during fiscal year 2004, for the Rocky River City School District:

	Principal Outstanding 6/30/2003	Additions	Deductions	Principal Outstanding 6/30/2004	Amounts Due In One Year
<b>Governmental Activities</b>					
General Obligation Bonds:					
1998-2018 \$24,500,000 3.650-05.375%					
School Building Improvement Bonds	\$20,335,000	\$0	(\$970,000)	\$19,365,000	\$1,010,000
1996-2012 \$9,994,128 4.25%-5.75%					
School Building Improvement Bonds					
Serial Bonds	5,550,000	0	(810,000)	4,740,000	850,000
Capital Appreciation Bonds	304,128	0	0	304,128	0
Accretion on Capital Appreciation Bonds	576,640	162,795	0	739,435	0
Total General Obligation Bonds	26,765,768	162,795	(1,780,000)	25,148,563	1,860,000
Compensated Absences	4,173,108	221,987	(205,911)	4,189,184	373,324
Total Governmental Activities Long Term Liabilities	<u>\$30,938,876</u>	<u>\$384,782</u>	<u>(\$1,985,911)</u>	<u>\$29,337,747</u>	<u>\$2,233,324</u>
<b>Business - Type Activities</b>					
Compensated Absences	<u>\$44,492</u>	<u>\$0</u>	<u>(\$3,820)</u>	<u>\$40,672</u>	<u>\$2,671</u>

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

The 1996 general obligation bonds include serial bonds and capital appreciation bonds. This year the addition on these bonds was \$162,795 which represents the annual accretion of discounted interest. The final amount of these bonds will be \$3,340,000, with a maturity date of June 2012.

Compensated absences will be paid from the general fund, the auxiliary services special revenue fund and the food service and community programs enterprise funds.

In 1996, the School District defeased the 1991 series general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2004 \$6,145,000 of bonds outstanding are considered defeased.

The School District's overall debt margin was \$40,941,368 with an unvoted debt margin of \$692,072 at June 30, 2004.

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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The School Districts's future debt service requirements to retire bonded debt is as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$1,860,000	\$1,166,904	\$0	\$0	\$1,860,000	\$1,166,904
2006	1,955,000	1,078,745	0	0	1,955,000	1,078,745
2007	2,040,000	985,365	0	0	2,040,000	985,365
2008	2,145,000	886,453	0	0	2,145,000	886,453
2009	2,250,000	781,139	118,648	991,352	2,368,648	1,772,491
2010-2014	6,900,000	2,815,367	185,480	2,044,520	7,085,480	4,859,887
2015-2019	6,955,000	772,234	0	0	6,955,000	772,234
Total	<u>\$24,105,000</u>	<u>\$8,486,207</u>	<u>\$304,128</u>	<u>\$3,035,872</u>	<u>\$24,409,128</u>	<u>\$11,522,079</u>

**Note 16 - Jointly Governed Organizations**

**Lakeshore Northeast Ohio Computer Association** - The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau owned and operated by sixteen public school districts. The primary function of LNOCA is to provide data services to the 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 Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Board of Education serves as the fiscal agent of LNOCA. Each school district supports LNOCA based upon a per pupil charge dependent upon the software packages used. Rocky River City School District paid \$56,938 to LNOCA during fiscal year 2004. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valleyview, OH 44125.

**Ohio Schools Council Association** - The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2004, the School District paid \$800 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The 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.

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.

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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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, an 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 17 - Insurance Purchasing Pool**

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

**Note 18 - Related Organization**

***Rocky River Public Library*** - The Rocky River Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Rocky River City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. The Library did not receive any funding from Rocky River City School District during fiscal year 2004. Financial information can be obtained from the Rocky River Public Library, James Wilson, Clerk/Treasurer, at 1600 Hampton, Rocky River, Ohio 44116.

**Note 19- Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 as of June 30, 2004.

**Rocky River City School District**  
*Notes to the Basic Financial Statements*  
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**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.

**Note 20 - Set-Aside Calculations and Fund Reserves**

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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization. At June 30, 2004, only the unspent portion of certain workers compensation refunds continues to be set aside.

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

	Budget Stabalization Reserve	Capital Improvements Reserve	Textbooks Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2003	\$101,708	\$0	(\$326,828)
Current Year Set-aside Requirement	0	364,155	364,155
Qualifying Disbursements	0	(915,332)	(255,848)
<b>Total</b>	<b>\$101,708</b>	<b>(\$551,177)</b>	<b>(\$218,521)</b>
Set-aside Balance Carried Forward to Future Fiscal Years	\$101,708	\$0	(\$218,521)
Set-aside Reserve Balance as of June 30, 2004	\$101,708	\$0	\$0

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

**Note 21 – State School Funding Decision**

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

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

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

**Combining and Individual Fund  
Statements and Schedules**

## *Fund Descriptions - Nonmajor Governmental Funds*

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### *Nonmajor Special Revenue Funds*

To account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

***Public School Support Fund*** This fund accounts for school site sales revenue and expenditures for field trips, assemblies, and other activity costs.

***Career Education Fund*** - This fund accounts for State monies provided to make special education students aware of career opportunities.

***District Managed Student Activities Fund*** This fund accounts for gate receipts and other revenues from athletic events and all costs (except supplemental coaching contracts) of the School District's athletic program and transportation of the band to and from athletic events.

***Auxiliary Services Fund*** This fund accounts for funds which provide services and materials to pupils attending non-public schools within the School District.

***Educational Management Information Fund*** This fund accounts for State monies which support the development of hardware and software or other costs associated with the requirements of the management information system.

***School Net Development Fund*** This fund accounts for State monies used to provide for a limited number of professional development subsidy grants.

***Ohio Reads Grant Fund*** This fund accounts for monies that improve reading outcomes on the reading proficiency test and for volunteer coordinators in public school buildings.

***Summer Intervention Fund*** This fund accounts for State monies used to provide intervention opportunities for students.

***School Conflict Management Fund*** This fund accounts for State monies provided to educate students on proper social behavior.

***Title VI-B Fund*** This fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

***Title III Fund*** This fund accounts for Federal monies used for costs associated with English proficiency.

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

***Title V Fund*** This fund accounts for Federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service and staff development.

***Drug Free Schools Fund*** This fund accounts for Federal revenues which support the implementation of programs for drug abuse education and prevention.

(continued)



## ***Fund Descriptions -Nonmajor Governmental Funds (continued)***

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***Preschool Grant Fund*** This fund accounts for Federal revenues used for speech therapy services and instructional supplies used in preschool programs.

***Title VI-R Grant Fund*** This fund accounts for Federal monies which support the telecommunications activities within the School District.

***Miscellaneous Federal Grants Fund*** This fund accounts for various monies received through the Federal government which are not classified elsewhere.

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

Capital projects funds account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds.

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

***Power Up Capacity Fund*** This fund accounts for State grant monies to be spent on electrical upgrades throughout the School District.

***Net IVDL Fund*** This fund accounts for State monies to be used to provide interactive video cameras for classrooms.

***Data Communications Fund*** This fund accounts for State monies used to improve School District site connectivity which in turn improves instruction.

**Rocky River City School District**

*Combining Balance Sheet*

*Nonmajor Governmental Funds*

*June 30, 2004*

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	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$395,205	\$357,451	\$752,656
Accounts Receivable	3,983	0	3,983
Intergovernmental Receivable	997	0	997
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Assets</i>	<u>\$400,185</u>	<u>\$357,451</u>	<u>\$757,636</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$27,242	\$0	\$27,242
Contracts Payable	12,000	0	12,000
Accrued Wages	397	0	397
Intergovernmental Payable	3,557	0	3,557
Deferred Revenue	997	0	997
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Liabilities</i>	<u>44,193</u>	<u>0</u>	<u>44,193</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	162,259	336,759	499,018
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	193,733	0	193,733
Capital Projects Funds	0	20,692	20,692
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Fund Balances</i>	<u>355,992</u>	<u>357,451</u>	<u>713,443</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$400,185</u>	<u>\$357,451</u>	<u>\$757,636</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$1,816,417	\$12,000	\$1,828,417
Interest	3,058	4,041	7,099
Tuition and Fees	104,685	0	104,685
Extracurricular Activities	165,750	0	165,750
Rentals	0	57,423	57,423
Contributions and Donations	92,997	0	92,997
Miscellaneous	4,154	0	4,154
<i>Total Revenues</i>	<u>2,187,061</u>	<u>73,464</u>	<u>2,260,525</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	113,403	0	113,403
Special	291,569	0	291,569
Support Services:			
Pupil	50,576	0	50,576
Instructional Staff	26,709	0	26,709
Central	27,756	0	27,756
Operation of Non-Instructional Services	1,316,648	0	1,316,648
Extracurricular Activities	271,518	0	271,518
Capital Outlay	0	196,479	196,479
<i>Total Expenditures</i>	<u>2,098,179</u>	<u>196,479</u>	<u>2,294,658</u>
<i>Net Change in Fund Balances</i>	88,882	(123,015)	(34,133)
<i>Fund Balances Beginning of Year</i>	<u>267,110</u>	<u>480,466</u>	<u>747,576</u>
<i>Fund Balances End of Year</i>	<u><u>\$355,992</u></u>	<u><u>\$357,451</u></u>	<u><u>\$713,443</u></u>

**Rocky River City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2004*

	Public School Support	Career Education	District Managed Student Activities
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$120,756	\$4,367	\$69,965
Accounts Receivable	0	1,929	2,054
Intergovernmental Receivable	0	0	0
<i>Total Assets</i>	<u>\$120,756</u>	<u>\$6,296</u>	<u>\$72,019</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$203	\$0	\$560
Contracts Payable	0	0	12,000
Accrued Wages	0	0	0
Intergovernmental Payable	118	0	340
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>321</u>	<u>0</u>	<u>12,900</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	7,122	0	34,535
Unreserved, Undesignated (Deficit)	113,313	6,296	24,584
<i>Total Fund Balances (Deficit)</i>	<u>120,435</u>	<u>6,296</u>	<u>59,119</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$120,756</u>	<u>\$6,296</u>	<u>\$72,019</u>

Auxiliary Services	School Net Development	Ohio Reads Grant	Summer Intervention	School Conflict Management	Title VI-B
\$111,905	\$2,508	\$683	\$0	\$1,544	\$58,463
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$111,905</u>	<u>\$2,508</u>	<u>\$683</u>	<u>\$0</u>	<u>\$1,544</u>	<u>\$58,463</u>
\$25,979	\$0	\$493	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
50	0	249	874	0	0
0	0	0	0	0	0
<u>26,029</u>	<u>0</u>	<u>742</u>	<u>874</u>	<u>0</u>	<u>0</u>
41,139	0	53	0	0	58,201
44,737	2,508	(112)	(874)	1,544	262
<u>85,876</u>	<u>2,508</u>	<u>(59)</u>	<u>(874)</u>	<u>1,544</u>	<u>58,463</u>
<u>\$111,905</u>	<u>\$2,508</u>	<u>\$683</u>	<u>\$0</u>	<u>\$1,544</u>	<u>\$58,463</u>

(continued)

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

	Title III	Title I	Title V
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$0	\$625
Accounts Receivable	0	0	0
Intergovernmental Receivable	0	0	0
<i>Total Assets</i>	<u>\$0</u>	<u>\$0</u>	<u>\$625</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$0
Contracts Payable	0	0	0
Accrued Wages	0	397	0
Intergovernmental Payable	217	529	0
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>217</u>	<u>926</u>	<u>0</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	0	0	506
Unreserved, Undesignated (Deficit)	(217)	(926)	119
<i>Total Fund Balances (Deficit)</i>	<u>(217)</u>	<u>(926)</u>	<u>625</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$0</u>	<u>\$0</u>	<u>\$625</u>

Drug Free Schools	Preschool Grant	Title VI-R Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$0	\$3,130	\$3,679	\$17,580	\$395,205
0	0	0	0	3,983
997	0	0	0	997
<u>\$997</u>	<u>\$3,130</u>	<u>\$3,679</u>	<u>\$17,580</u>	<u>\$400,185</u>

\$0	\$0	\$0	\$7	\$27,242
0	0	0	0	12,000
0	0	0	0	397
0	0	1,180	0	3,557
997	0	0	0	997

997	0	1,180	7	44,193
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0	3,130	0	17,573	162,259
0	0	2,499	0	193,733

0	3,130	2,499	17,573	355,992
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<u>\$997</u>	<u>\$3,130</u>	<u>\$3,679</u>	<u>\$17,580</u>	<u>\$400,185</u>
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**Rocky River City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2004*

	Public School Support	Career Education	District Managed Student Activities
<b>Revenues</b>			
Intergovernmental	\$0	\$0	\$0
Interest	0	0	594
Tuition and Fees	0	0	104,685
Extracurricular Activities	39,731	0	126,019
Contributions and Donations	27,573	7,337	58,087
Miscellaneous	0	0	4,154
<i>Total Revenues</i>	<u>67,304</u>	<u>7,337</u>	<u>293,539</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	0	5,000	0
Special	0	0	0
Support Services:			
Pupil	43,344	0	0
Instructional Staff	0	2,033	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	271,518
<i>Total Expenditures</i>	<u>43,344</u>	<u>7,033</u>	<u>271,518</u>
<i>Net Change in Fund Balances</i>	23,960	304	22,021
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>96,475</u>	<u>5,992</u>	<u>37,098</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$120,435</u></u>	<u><u>\$6,296</u></u>	<u><u>\$59,119</u></u>



<u>Auxiliary Services</u>	<u>Educational Management Information</u>	<u>School Net Development</u>	<u>Ohio Reads Grant</u>	<u>Summer Intervention</u>	<u>School Conflict Management</u>
\$1,210,966	\$9,493	\$4,140	\$10,500	\$40,729	\$0
2,464	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,213,430</u>	<u>9,493</u>	<u>4,140</u>	<u>10,500</u>	<u>40,729</u>	<u>0</u>
0	0	0	10,465	41,603	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	1,891	0	0	0
0	27,756	0	0	0	0
1,221,766	0	0	0	0	0
0	0	0	0	0	0
<u>1,221,766</u>	<u>27,756</u>	<u>1,891</u>	<u>10,465</u>	<u>41,603</u>	<u>0</u>
(8,336)	(18,263)	2,249	35	(874)	0
<u>94,212</u>	<u>18,263</u>	<u>259</u>	<u>(94)</u>	<u>0</u>	<u>1,544</u>
<u>\$85,876</u>	<u>\$0</u>	<u>\$2,508</u>	<u>(\$59)</u>	<u>(\$874)</u>	<u>\$1,544</u>

(continued)

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

	Title VI-B	Title III	Title I	Title V
<b>Revenues</b>				
Intergovernmental	\$407,389	\$10,406	\$1,030	\$25,056
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
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>407,389</u>	<u>10,406</u>	<u>1,030</u>	<u>25,056</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	10,406	0	13,165
Special	267,930	0	5,535	0
Support Services:				
Pupil	0	0	0	0
Instructional Staff	0	264	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	80,996	0	0	11,377
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>348,926</u>	<u>10,670</u>	<u>5,535</u>	<u>24,542</u>
<i>Net Change in Fund Balances</i>	58,463	(264)	(4,505)	514
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>0</u>	<u>47</u>	<u>3,579</u>	<u>111</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$58,463</u>	<u>(\$217)</u>	<u>(\$926)</u>	<u>\$625</u>

Drug Free Schools	Preschool Grant	Title VI-R Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$7,739	\$12,295	\$59,094	\$17,580	\$1,816,417
0	0	0	0	3,058
0	0	0	0	104,685
0	0	0	0	165,750
0	0	0	0	92,997
0	0	0	0	4,154
<u>7,739</u>	<u>12,295</u>	<u>59,094</u>	<u>17,580</u>	<u>2,187,061</u>
0	0	32,764	0	113,403
0	7,771	0	10,333	291,569
7,232	0	0	0	50,576
0	0	22,521	0	26,709
0	0	0	0	27,756
1,115	1,394	0	0	1,316,648
0	0	0	0	271,518
<u>8,347</u>	<u>9,165</u>	<u>55,285</u>	<u>10,333</u>	<u>2,098,179</u>
(608)	3,130	3,809	7,247	88,882
608	0	(1,310)	10,326	267,110
<u>\$0</u>	<u>\$3,130</u>	<u>\$2,499</u>	<u>\$17,573</u>	<u>\$355,992</u>

**Rocky River City School District**

*Combining Balance Sheet*

*Nonmajor Capital Projects Funds*

*June 30, 2004*

	<u>Permanent Improvement</u>	<u>Power Up Capacity</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$354,659</u>	<u>\$2,792</u>	<u>\$357,451</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$0
Contracts Payable	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	336,759	0	336,759
Unreserved, Undesignated	<u>17,900</u>	<u>2,792</u>	<u>20,692</u>
<i>Total Fund Balances</i>	<u>354,659</u>	<u>2,792</u>	<u>357,451</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$354,659</u>	<u>\$2,792</u>	<u>\$357,451</u>

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

	<u>Permanent Improvement</u>	<u>Power Up Capacity</u>	<u>Net IVDL</u>	<u>Data Communications</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues</b>					
Intergovernmental	\$0	\$0	\$0	\$12,000	\$12,000
Interest	4,041	0	0	0	4,041
Rentals	57,423	0	0	0	57,423
<i>Total Revenues</i>	61,464	0	0	12,000	73,464
<b>Expenditures</b>					
Capital Outlay	180,879	0	3,600	12,000	196,479
<i>Net Change in Fund Balances</i>	(119,415)	0	(3,600)	0	(123,015)
<i>Fund Balances Beginning of Year</i>	474,074	2,792	3,600	0	480,466
<i>Fund Balances End of Year</i>	\$354,659	\$2,792	\$0	\$0	\$357,451

## *Fund Descriptions –Fiduciary Funds*

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### *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. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

### *Agency Fund*

***Student Activities Fund*** This fund reflects resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

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

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	Beginning Balance June 30, 2003	Additions	Reductions	Ending Balance June 30, 2004
<b>Student Activities</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$83,048	\$175,017	\$175,878	\$82,187
<b>Liabilities</b>				
Due to Students	\$83,048	\$175,017	\$175,878	\$82,187

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



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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$19,456,044	\$19,133,676	\$19,133,676	\$0
Intergovernmental	3,947,700	4,109,066	4,109,066	0
Interest	350,000	92,089	92,089	0
Charges For Service	84,000	119,609	119,609	0
Tuition and Fees	225,000	152,975	152,975	0
Rentals	68,000	26,688	26,688	0
Miscellaneous	1,000	463	463	0
<i>Total Revenues</i>	24,131,744	23,634,566	23,634,566	0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	8,149,659	8,149,436	8,308,009	(158,573)
Fringe Benefits	2,229,175	2,229,175	2,250,386	(21,211)
Purchased Services	284,845	292,129	318,290	(26,161)
Materials and Supplies	410,551	402,198	390,658	11,540
Capital Outlay - New	44,092	52,081	47,647	4,434
Capital Outlay - Replacement	5,500	1,898	1,898	0
Other	40,250	42,817	42,588	229
<b>Total Regular</b>	11,164,072	11,169,734	11,359,476	(189,742)
Special:				
Salaries and Wages	1,780,005	1,780,005	1,768,442	11,563
Fringe Benefits	527,805	527,805	530,583	(2,778)
Purchased Services	851,390	817,258	404,351	412,907
Materials and Supplies	21,828	26,290	25,447	843
Capital Outlay - New	10,493	9,125	16,935	(7,810)
Capital Outlay - Replacement	940	740	0	740
<b>Total Special</b>	3,192,461	3,161,223	2,745,758	415,465
Vocational:				
Purchased Services	270,321	270,321	266,105	4,216
<b>Total Instruction</b>	\$14,626,854	\$14,601,278	\$14,371,339	\$229,939

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupil:				
Salaries and Wages	\$986,845	\$986,845	\$977,502	\$9,343
Fringe Benefits	294,845	294,845	270,404	24,441
Purchased Services	113,432	130,840	105,625	25,215
Materials and Supplies	15,468	17,406	15,352	2,054
Capital Outlay - New	3,300	2,515	1,799	716
Other	300	300	254	46
Total Pupil	1,414,190	1,432,751	1,370,936	61,815
Instructional Staff:				
Salaries and Wages	528,020	520,898	548,232	(27,334)
Fringe Benefits	174,105	177,065	179,617	(2,552)
Purchased Services	60,499	54,308	50,853	3,455
Materials and Supplies	32,708	29,910	29,162	748
Capital Outlay - New	24,792	15,510	15,500	10
Capital Outlay - Replacement	0	952	952	0
Total Instructional Staff	820,124	798,643	824,316	(25,673)
Board of Education:				
Salaries and Wages	9,510	8,910	8,900	10
Fringe Benefits	1,420	1,420	1,599	(179)
Purchased Services	8,733	9,333	8,860	473
Materials and Supplies	804	759	621	138
Other	7,165	9,210	7,056	2,154
Total Board of Education	27,632	29,632	27,036	2,596
Administration:				
Salaries and Wages	972,570	972,570	981,703	(9,133)
Fringe Benefits	378,170	378,170	369,636	8,534
Purchased Services	21,814	24,049	22,134	1,915
Materials and Supplies	4,820	6,739	6,072	667
Capital Outlay - Replacement	5,000	7,730	7,727	3
Other	1,880	1,885	1,825	60
Total Administration	\$1,384,254	\$1,391,143	\$1,389,097	\$2,046

(continued)

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Fiscal:</b>				
Salaries and Wages	\$158,270	\$158,270	\$158,490	(\$220)
Fringe Benefits	55,595	55,595	187,562	(131,967)
Purchased Services	47,795	47,795	40,231	7,564
Materials and Supplies	9,750	9,750	2,568	7,182
Capital Outlay - New	3,000	3,000	0	3,000
Capital Outlay - Replacement	20,000	12,000	0	12,000
Other	336,400	336,400	347,273	(10,873)
<b>Total Fiscal</b>	<b>630,810</b>	<b>622,810</b>	<b>736,124</b>	<b>(113,314)</b>
<b>Business:</b>				
Salaries and Wages	75,490	75,490	90,663	(15,173)
Fringe Benefits	33,300	33,300	31,724	1,576
Purchased Services	189,445	224,454	229,823	(5,369)
Materials and Supplies	19,616	21,712	20,620	1,092
Capital Outlay - New	3,394	2,685	2,685	0
Capital Outlay - Replacement	1,139	1,139	1,139	0
Other	67,898	62,372	62,372	0
<b>Total Business</b>	<b>390,282</b>	<b>421,152</b>	<b>439,026</b>	<b>(17,874)</b>
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	1,126,920	1,126,920	1,138,965	(12,045)
Fringe Benefits	396,905	396,905	372,818	24,087
Purchased Services	1,313,902	1,337,087	1,250,845	86,242
Materials and Supplies	257,925	229,677	240,831	(11,154)
Capital Outlay - New	13,905	12,623	12,622	1
Other	1,854	295	295	0
<b>Total Operation and Maintenance of Plant</b>	<b>3,111,411</b>	<b>3,103,507</b>	<b>3,016,376</b>	<b>87,131</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	577,375	577,375	640,097	(62,722)
Fringe Benefits	178,055	178,055	192,250	(14,195)
Purchased Services	153,696	165,228	166,993	(1,765)
Materials and Supplies	122,635	118,765	105,803	12,962
Capital Outlay - New	1,854	1,200	1,200	0
Capital Outlay - Replacement	33,545	36,835	36,477	358
Other	517	517	70	447
<b>Total Pupil Transportation</b>	<b>\$1,067,677</b>	<b>\$1,077,975</b>	<b>\$1,142,890</b>	<b>(\$64,915)</b>

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Central:				
Salaries and Wages	\$382,165	\$381,965	\$394,338	(\$12,373)
Fringe Benefits	173,250	171,650	143,832	27,818
Purchased Services	120,759	126,469	89,393	37,076
Materials and Supplies	34,524	38,614	37,617	997
Capital Outlay - New	9,531	9,531	9,531	0
Capital Outlay - Replacement	2,712	2,712	2,712	0
<b>Total Central</b>	722,941	730,941	677,423	53,518
<b>Total Support Services</b>	9,569,321	9,608,554	9,623,224	(14,670)
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	96,890	96,890	89,552	7,338
Fringe Benefits	6,950	6,950	14,893	(7,943)
<b>Total Academic and Subject Oriented Activities</b>	103,840	103,840	104,445	(605)
Sports Oriented Activities:				
Salaries and Wages	343,795	343,795	361,040	(17,245)
Fringe Benefits	50,335	50,335	53,198	(2,863)
Capital Outlay - New	500	0	0	0
<b>Total Sports Oriented Activities</b>	394,630	394,130	414,238	(20,108)
School and Public Service Co-Curricular Activities:				
Salaries and Wages	106,860	106,860	116,429	(9,569)
Fringe Benefits	33,970	33,970	37,573	(3,603)
Purchased Services	2,800	778	774	4
Materials and Supplies	6,600	3,958	3,946	12
Capital Outlay - Replacement	250	0	0	0
<b>Total School and Public Service Co-Curricular Activities</b>	150,480	145,566	158,722	(13,156)
<b>Total Extracurricular Activities</b>	648,950	643,536	677,405	(33,869)
Capital Outlay:				
Building Improvement Services:				
Purchased Services	4,775	117,014	112,737	4,277
<b>Total Expenditures</b>	24,849,900	24,970,382	24,784,705	185,677
<b>Excess of Revenues Under Expenditures</b>	(\$718,156)	(\$1,335,816)	(\$1,150,139)	(\$185,677)

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources (Uses):</b>				
Advances In	\$0	\$131	\$131	\$0
Transfers Out	(29,700)	(29,700)	(33,668)	(3,968)
<i>Total Other Financing Sources (Uses)</i>	(29,700)	(29,569)	(33,537)	(3,968)
<i>Net Change In Fund Balance</i>	(747,856)	(1,365,385)	(1,183,676)	181,709
<i>Fund Balance Beginning of Year</i>	3,154,543	3,154,543	3,154,543	0
Prior Year Encumbrances Appropriated	822,809	822,809	822,809	0
<i>Fund Balance End of Year</i>	<u>\$3,229,496</u>	<u>\$2,611,967</u>	<u>\$2,793,676</u>	<u>\$181,709</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$2,803,322	\$2,789,771	\$2,789,771	\$0
Intergovernmental	384,500	382,670	382,670	0
<i>Total Revenues</i>	3,187,822	3,172,441	3,172,441	0
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	45,000	45,000	35,059	9,941
Debt Service:				
Principal Retirement	1,780,000	1,780,000	1,780,000	0
Interest and Fiscal Charges	1,249,589	1,249,589	1,249,589	0
<i>Total Debt Service</i>	3,029,589	3,029,589	3,029,589	0
<i>Total Expenditures</i>	3,074,589	3,074,589	3,064,648	9,941
<i>Net Change In Fund Balance</i>	113,233	97,852	107,793	9,941
<i>Fund Balance Beginning of Year</i>	2,483,767	2,483,767	2,483,767	0
<i>Fund Balance End of Year</i>	\$2,597,000	\$2,581,619	\$2,591,560	\$9,941

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Interest	\$11,350	\$3,125	\$3,125	\$0
Miscellaneous	1,000	0	0	0
<i>Total Revenues</i>	<u>12,350</u>	<u>3,125</u>	<u>3,125</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Support Services				
Business:				
Capital Outlay - Replacement	0	8,000	0	8,000
Pupil Transportation:				
Capital Outlay - Replacement	0	240,000	215,452	24,548
Total Support Services	<u>0</u>	<u>248,000</u>	<u>215,452</u>	<u>32,548</u>
Capital Outlay:				
Architectural and Engineering Services:				
Purchased Services	55,000	59,125	13,667	45,458
Building Improvement Services				
Purchased Services	40,800	150,977	141,665	9,312
Materials and Supplies	1,000	0	0	0
Capital Outlay - New	610,009	420,898	820,598	(399,700)
Other	29,700	367,136	376,972	(9,836)
Total Building Improvement Services	<u>681,509</u>	<u>939,011</u>	<u>1,339,235</u>	<u>(400,224)</u>
Total Capital Outlay	<u>736,509</u>	<u>998,136</u>	<u>1,352,902</u>	<u>(354,766)</u>
<i>Total Expenditures</i>	<u>736,509</u>	<u>1,246,136</u>	<u>1,568,354</u>	<u>(330,218)</u>
<i>Excess Of Revenues</i> <i>Under Expenditures</i>	<u>(724,159)</u>	<u>(1,243,011)</u>	<u>(1,565,229)</u>	<u>330,218</u>
<b>Other Financing Sources:</b>				
Bonds Issued	0	600,452	600,452	0
Transfer In	0	33,668	33,668	0
Total Other Financing Sources	<u>0</u>	<u>634,120</u>	<u>634,120</u>	<u>0</u>
<i>Net Change In Fund Balance</i>	<u>(724,159)</u>	<u>(608,891)</u>	<u>(931,109)</u>	<u>(322,218)</u>
<i>Fund Balance Beginning of Year</i>	545,500	545,500	545,500	0
Prior Year Encumbrances Appropriated	426,809	426,809	426,809	0
<i>Fund Balance End of Year</i>	<u>\$248,150</u>	<u>\$363,418</u>	<u>\$41,200</u>	<u>(\$322,218)</u>

**Rocky River City School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Sales	\$384,150	\$353,999	\$353,999	\$0
Interest	1,850	898	898	0
Operating Grants	39,000	48,034	48,034	0
<i>Total Revenues</i>	<u>425,000</u>	<u>402,931</u>	<u>402,931</u>	<u>0</u>
<b>Expenses</b>				
Salaries	133,338	133,338	135,400	(2,062)
Fringe Benefits	39,013	45,670	48,855	(3,185)
Purchased Services	13,150	13,150	8,457	4,693
Materials and Supplies	291,320	289,663	226,553	63,110
Capital Outlay - New	5,630	750	750	0
Capital Outlay - Replacement	5,000	4,880	4,880	0
<i>Total Expenses</i>	<u>487,451</u>	<u>487,451</u>	<u>424,895</u>	<u>62,556</u>
<i>Net Change In Fund Equity</i>	(62,451)	(84,520)	(21,964)	62,556
<i>Fund Equity Beginning of Year</i>	91,444	91,444	91,444	0
Prior Year Encumbrances Appropriated	2,000	2,000	2,000	0
<i>Fund Equity End of Year</i>	<u>\$30,993</u>	<u>\$8,924</u>	<u>\$71,480</u>	<u>\$62,556</u>



**Rocky River City School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP) and Actual*  
*Uniform School Supplies Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales	\$27,000	\$25,147	\$25,147	\$0
<b>Expenses</b>				
Materials and Supplies	27,000	26,210	27,864	(1,654)
<i>Net Change In Fund Equity</i>	0	(1,063)	(2,717)	(1,654)
<i>Fund Equity Beginning of Year</i>	16,654	16,654	16,654	0
<i>Fund Equity End of Year</i>	<u>\$16,654</u>	<u>\$15,591</u>	<u>\$13,937</u>	<u>(\$1,654)</u>

**Rocky River City School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP) and Actual*  
*Community Programs Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Tuition and Fees	\$213,000	\$298,993	\$298,993	\$0
Miscellaneous	5,000	3,878	3,878	0
<i>Total Revenues</i>	218,000	302,871	302,871	0
<b>Expenses</b>				
Salaries	30,600	24,524	25,187	(663)
Fringe Benefits	5,040	4,150	4,817	(667)
Purchased Services	71,007	82,267	101,802	(19,535)
Materials and Supplies	113,491	124,755	131,703	(6,948)
Capital Outlay	0	3,500	3,798	(298)
Other	27,184	29,825	52,718	(22,893)
<i>Total Expenses</i>	247,322	269,021	320,025	(51,004)
<i>Net Change In Fund Equity</i>	(29,322)	33,850	(17,154)	(51,004)
<i>Fund Equity Beginning of Year</i>	26,070	26,070	26,070	0
Prior Year Encumbrances Appropriated	29,781	29,781	29,781	0
<i>Fund Equity End of Year</i>	\$26,529	\$89,701	\$38,697	(\$51,004)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Extracurricular Activities	\$39,000	\$39,731	\$39,731	\$0
Contributions and Donations	29,000	27,573	27,573	0
<i>Total Revenues</i>	68,000	67,304	67,304	0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Purchased Services	15,336	2,986	1,780	1,206
Materials and Supplies	12,396	8,896	8,028	868
Capital Outlay - New	2,000	500	5,800	(5,300)
Other	33,829	29,578	34,897	(5,319)
<i>Total Expenditures</i>	63,561	41,960	50,505	(8,545)
<i>Net Change In Fund Balance</i>	4,439	25,344	16,799	(8,545)
<i>Fund Balance Beginning of Year</i>	95,274	95,274	95,274	0
Prior Year Encumbrances Appropriated	1,560	1,560	1,560	0
<i>Fund Balance End of Year</i>	\$101,273	\$122,178	\$113,633	(\$8,545)

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Career Education Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions and Donations	3,000	\$5,408	\$5,408	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	3,000	5,000	5,000	0
Support Services:				
Instructional Staff:				
Salaries and Wages	456	675	0	675
Materials and Supplies	0	4,325	1,929	2,396
Other	0	0	104	(104)
Total Support Services	456	5,000	2,033	2,967
<i>Total Expenditures</i>	3,456	10,000	7,033	2,967
<i>Net Change In Fund Balance</i>	(456)	(4,592)	(1,625)	2,967
<i>Fund Balance Beginning of Year</i>	5,991	5,991	5,991	0
<i>Fund Balance End of Year</i>	\$5,535	\$1,399	\$4,366	\$2,967

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*District Managed Student Activities Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Interest	\$1,000	\$594	\$594	\$0
Tuition and Fees	113,000	123,965	123,965	0
Extracurricular Activities	69,000	104,685	104,685	0
Contributions and Donations	56,000	58,087	58,087	0
Miscellaneous	28,000	4,154	4,154	0
<i>Total Revenues</i>	<u>267,000</u>	<u>291,485</u>	<u>291,485</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	60,828	41,928	31,417	10,511
Materials and Supplies	22,668	32,886	21,444	11,442
Capital Outlay - New	1,000	8,565	1,138	7,427
Capital Outlay - Replacement	1,000	0	0	0
Other	3,500	8,368	8,978	(610)
Total Academic and Subject Oriented Activities	<u>88,996</u>	<u>91,747</u>	<u>62,977</u>	<u>28,770</u>
Sports Oriented Activities:				
Salaries and Wages	10,500	16,730	11,683	5,047
Fringe Benefits	1,525	525	1,645	(1,120)
Purchased Services	60,229	63,703	80,215	(16,512)
Materials and Supplies	76,469	120,282	91,530	28,752
Capital Outlay - New	16,000	28,799	40,366	(11,567)
Capital Outlay - Replacement	1,000	21,600	0	21,600
Other	21,000	24,968	23,853	1,115
Total Sports Oriented Activities	<u>186,723</u>	<u>276,607</u>	<u>249,292</u>	<u>27,315</u>
<i>Total Expenditures</i>	<u>275,719</u>	<u>368,354</u>	<u>312,269</u>	<u>56,085</u>
<i>Net Change In Fund Balance</i>	(8,719)	(76,869)	(20,784)	56,085
<i>Fund Balance Beginning of Year</i>	35,034	35,034	35,034	0
Prior Year Encumbrances Appropriated	<u>8,719</u>	<u>8,719</u>	<u>8,719</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$35,034</u>	<u>(\$33,116)</u>	<u>\$22,969</u>	<u>\$56,085</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$1,159,439	\$1,210,966	\$1,210,966	\$0
Interest	4,500	2,464	2,464	0
<i>Total Revenues</i>	<u>1,163,939</u>	<u>1,213,430</u>	<u>1,213,430</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	17,500	14,309	15,672	(1,363)
Fringe Benefits	5,000	1,705	4,671	(2,966)
Purchased Services	638,369	708,010	697,632	10,378
Materials and Supplies	510,501	484,299	469,451	14,848
Capital Outlay - New	240,396	251,970	222,193	29,777
Other	0	10,121	10,121	0
<i>Total Expenditures</i>	<u>1,411,766</u>	<u>1,470,414</u>	<u>1,419,740</u>	<u>50,674</u>
<i>Net Change In Fund Balance</i>	(247,827)	(256,984)	(206,310)	50,674
<i>Fund Balance Beginning of Year</i>	5,332	5,332	5,332	0
Prior Year Encumbrances Appropriated	<u>247,827</u>	<u>247,827</u>	<u>247,827</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$5,332</u></u>	<u><u>(\$3,825)</u></u>	<u><u>\$46,849</u></u>	<u><u>\$50,674</u></u>

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Educational Management Information Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$9,200	\$9,492	\$9,492	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Salaries and Wages	4,200	2,881	3,161	(280)
Fringe Benefits	690	509	563	(54)
Purchased Services	0	14,930	24,088	(9,158)
Materials and Supplies	500	0	0	0
Capital Outlay - New	6,738	0	0	0
<i>Total Expenditures</i>	12,128	18,320	27,812	(9,492)
<i>Net Change In Fund Balance</i>	(2,928)	(8,828)	(18,320)	9,492
<i>Fund Balance Beginning of Year</i>	18,320	18,320	18,320	0
<i>Fund Balance End of Year</i>	\$15,392	\$9,492	\$0	(\$9,492)

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*School Net Development Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$0	\$4,140	\$4,140	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	0	3,057	826	2,231
Fringe Benefits	0	472	194	278
Purchased Services	0	1,000	1,000	0
Materials and Supplies	0	0	0	0
<i>Total Expenditures</i>	0	4,529	2,020	2,509
<i>Net Change In Fund Balance</i>	0	(389)	2,120	2,509
<i>Fund Balance Beginning of Year</i>	389	389	389	0
<i>Fund Balance End of Year</i>	\$389	\$0	\$2,509	\$2,509



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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$0	\$10,500	\$10,500	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	8,122	7,986	136
Fringe Benefits	0	1,331	1,331	0
Purchased Services	0	500	500	0
Materials and Supplies	0	547	546	1
Other	0	243	243	0
<i>Total Expenditures</i>	0	10,743	10,606	137
<i>Net Change In Fund Balance</i>	0	(243)	(106)	137
<i>Fund Balance Beginning of Year</i>	243	243	243	0
<i>Fund Balance End of Year</i>	\$243	\$0	\$137	\$137

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Summer Intervention Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$40,729	\$40,729	\$40,729	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	33,950	33,021	33,021	0
Fringe Benefits	6,779	7,708	7,708	0
<i>Total Expenditures</i>	40,729	40,729	40,729	0
<i>Net Change In Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*School Conflict Management Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	530	0	0	0
<i>Net Change In Fund Balance</i>	(530)	0	0	0
<i>Fund Balance Beginning of Year</i>	1,544	1,544	1,544	0
<i>Fund Balance End of Year</i>	<u>\$1,014</u>	<u>\$1,544</u>	<u>\$1,544</u>	<u>\$0</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$310,500	\$407,389	\$407,389	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Purchased Services	239,000	326,131	326,131	0
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	72,809	82,567	82,305	262
<i>Total Expenditures</i>	311,809	408,698	408,436	262
<i>Net Change In Fund Balance</i>	(1,309)	(1,309)	(1,047)	262
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	1,309	1,309	1,309	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$262	\$262

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Title III Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$7,200	\$10,406	\$10,406	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	9,066	9,066	0
Fringe Benefits	0	1,340	1,340	0
Total Instruction	0	10,406	10,406	0
Support Services:				
Instructional Staff:				
Supplies and Materials	0	1,155	1,155	0
<i>Total Expenditures</i>	0	11,561	11,561	0
<i>Net Change In Fund Balance</i>	7,200	(1,155)	(1,155)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	1,155	1,155	1,155	0
<i>Fund Balance End of Year</i>	\$8,355	\$0	\$0	\$0

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Title I Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$118,300	\$13,311	\$13,311	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	79,600	10,778	10,557	221
Fringe Benefits	23,700	5,680	2,838	2,842
Total Instruction	103,300	16,458	13,395	3,063
Support Services:				
Instructional Staff:				
Purchased Services	1,250	1,316	0	1,316
Materials and Supplies	500	2	0	2
Total Support Services	1,750	1,318	0	1,318
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	13,000	0	0	0
Materials and Supplies	250	0	0	0
Total Operation of Non-Instructional Services	13,250	0	0	0
<i>Total Expenditures</i>	118,300	17,776	13,395	4,381
<i>Net Change In Fund Balance</i>	0	(4,465)	(84)	4,381
<i>Fund Balance Beginning of Year</i>	84	84	84	0
<i>Fund Balance (Deficit) End of Year</i>	\$84	(\$4,381)	\$0	\$4,381

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$25,060	\$25,338	\$25,196	(\$142)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	200	7,000	6,998	2
Capital Outlay - New	14,000	6,673	6,673	0
Total Instruction	14,200	13,673	13,671	2
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	10,932	10,055	9,939	116
Capital Outlay - New	0	1,548	1,548	0
Total Operation of Non-Instructional Services	10,932	11,603	11,487	116
<i>Total Expenditures</i>	25,132	25,276	25,158	118
<i>Net Change In Fund Balance</i>	(72)	62	38	(24)
<i>Fund Balance Beginning of Year</i>	81	81	81	0
<i>Fund Balance End of Year</i>	\$9	\$143	\$119	(\$24)

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Drug Free Schools Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$15,100	\$7,739	\$7,739	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupil:				
Purchased Services	13,330	7,181	7,232	(51)
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	1,550	1,672	1,115	557
Materials and Supplies	220	997	0	997
Total Operation of Non-Instructional Services	1,770	2,669	1,115	1,554
<i>Total Expenditures</i>	15,100	9,850	8,347	1,503
<i>Net Change In Fund Balance</i>	0	(2,111)	(608)	1,503
<i>Fund Balance Beginning of Year</i>	608	608	608	0
<i>Fund Balance (Deficit) End of Year</i>	\$608	(\$1,503)	\$0	\$1,503



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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$11,000	\$12,295	\$12,295	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Purchased Services	11,092	11,092	11,092	0
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	99	2,200	1,394	806
<i>Total Expenditures</i>	11,191	13,292	12,486	806
<i>Net Change In Fund Balance</i>	(191)	(997)	(191)	806
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	191	191	191	0
<i>Fund Balance (Deficit) End of Year</i>	\$0	(\$806)	\$0	\$806

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Title VI-R Grant Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$64,750	\$59,225	\$59,225	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	31,250	28,425	28,425	0
Fringe Benefits	5,200	4,392	4,392	0
Total Instruction	36,450	32,817	32,817	0
Support Services:				
Instructional Staff:				
Salaries and Wages	14,200	12,367	9,574	2,793
Fringe Benefits	3,000	1,911	1,266	645
Purchased Services	11,100	12,000	11,758	242
Total Support Services	28,300	26,278	22,598	3,680
<i>Total Expenditures</i>	64,750	59,095	55,415	3,680
<i>Excess of Revenues over Expenditures</i>	0	130	3,810	(3,680)
<b>Other Financing Uses</b>				
Advances Out	0	0	(131)	131
<i>Net Change In Fund Balance</i>	0	130	3,679	(3,549)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$130	\$3,679	(\$3,549)

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Miscellaneous Federal Grants Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$3,000	\$17,580	\$17,580	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Capital Outlay - New	10,663	10,663	10,663	0
Support Services:				
Instructional Staff:				
Capital Outlay - New	3,000	17,580	17,580	0
<i>Total Expenditures</i>	<u>13,663</u>	<u>28,243</u>	<u>28,243</u>	<u>0</u>
<i>Net Change In Fund Balance</i>	(10,663)	(10,663)	(10,663)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>10,663</u>	<u>10,663</u>	<u>10,663</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$8,600	\$4,041	\$4,041	\$0
Rentals	392,000	104,699	104,699	0
<i>Total Revenues</i>	<u>400,600</u>	<u>108,740</u>	<u>108,740</u>	<u>0</u>
<b>Expenditures</b>				
Capital Outlay:				
Building Improvement Services:				
Purchased Services	49,165	166,465	151,750	14,715
Capital Outlay - New	562,780	145,480	402,655	(257,175)
Total Capital Outlay	<u>611,945</u>	<u>311,945</u>	<u>554,405</u>	<u>(242,460)</u>
Debt Service:				
Principal Retirement	0	60,000	60,000	0
Interest and Fiscal Charges	0	5,000	5,000	0
Total Debt Service	<u>0</u>	<u>65,000</u>	<u>65,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>611,945</u>	<u>376,945</u>	<u>619,405</u>	<u>(242,460)</u>
<i>Net Change In Fund Balance</i>	(211,345)	(268,205)	(510,665)	(242,460)
<i>Fund Balance Beginning of Year</i>	398,897	398,897	398,897	0
Prior Year Encumbrances Appropriated	<u>111,945</u>	<u>111,945</u>	<u>111,945</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$299,497</u></u>	<u><u>\$242,637</u></u>	<u><u>\$177</u></u>	<u><u>(\$242,460)</u></u>

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Power Up Capacity Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change In Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>2,792</u>	<u>2,792</u>	<u>2,792</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,792</u></u>	<u><u>\$2,792</u></u>	<u><u>\$2,792</u></u>	<u><u>\$0</u></u>

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Net IVDL Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	3,188	3,188	3,188	0
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	412	412	412	0
<i>Total Expenditures</i>	<u>3,600</u>	<u>3,600</u>	<u>3,600</u>	<u>0</u>
<i>Net Change In Fund Balance</i>	(3,600)	(3,600)	(3,600)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>3,600</u>	<u>3,600</u>	<u>3,600</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Rocky River City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP) and Actual*  
*Data Communications Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$12,000	\$12,000	\$12,000	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	12,000	12,000	12,000	0
<i>Total Expenditures</i>	12,000	12,000	12,000	0
<i>Net Change In Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	<u>\$969,000</u>	<u>\$965,510</u>	<u>\$965,510</u>	<u>\$0</u>
<b>Expenses</b>				
Purchased Services	156,500	156,500	120,600	35,900
Claims	<u>640,000</u>	<u>640,000</u>	<u>493,201</u>	<u>146,799</u>
<i>Total Expenses</i>	<u>796,500</u>	<u>796,500</u>	<u>613,801</u>	<u>182,699</u>
<i>Net Change In Fund Equity</i>	172,500	169,010	351,709	182,699
<i>Fund Equity Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$172,500</u></u>	<u><u>\$169,010</u></u>	<u><u>\$351,709</u></u>	<u><u>\$182,699</u></u>



**Rocky River City School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP) and Actual*  
*Special Trust Fund*  
*For the Fiscal Year Ended June 30, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Interest	\$450	\$422	\$422	\$0
Contributions and Donations	23,550	31,350	31,350	0
<i>Total Revenues</i>	24,000	31,772	31,772	0
<b>Expenses</b>				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Other	28,000	8,230	33,020	(24,790)
<i>Net Change In Fund Balance</i>	(4,000)	23,542	(1,248)	24,790
<i>Fund Equity Beginning of Year</i>	36,904	36,904	36,904	0
Prior Year Encumbrances Appropriated	4,000	4,000	4,000	0
<i>Fund Equity End of Year</i>	<u>\$36,904</u>	<u>\$64,446</u>	<u>\$39,656</u>	<u>\$24,790</u>

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**Rocky River City School District**  
*Governmental Activities Revenues by Source  
and Expenses by Function  
Last Four Fiscal Years*

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Program Revenues</b>				
Charges for Services	\$689,131	\$641,923	\$658,216	\$557,591
Operating Grants and Contributions	1,910,411	1,824,585	1,613,584	1,487,474
Capital Grants and Contributions	12,000	64,801	39,323	124,308
<b>General Revenues</b>				
Taxes (1)	23,317,777	18,997,675	22,202,315	19,985,894
Intergovernmental	4,432,768	4,264,539	4,043,817	3,831,578
Investment Earnings	94,157	160,029	382,782	988,182
Gain on Sale of Capital Asset	0	0	0	6,016
Miscellaneous	5,801	54,874	52,078	153,417
<b>Total</b>	<u><u>\$30,462,045</u></u>	<u><u>\$26,008,426</u></u>	<u><u>\$28,992,115</u></u>	<u><u>\$27,134,460</u></u>
<b>Expenses</b>				
Current:				
Instruction:				
Regular	\$12,507,785	\$11,967,804	\$11,149,321	\$6,732,218
Special	3,189,411	3,015,213	2,992,102	2,938,803
Vocational	223,699	272,121	254,075	339,407
Support Services:				
Pupil	1,638,968	1,455,209	1,372,246	1,441,604
Instructional Staff	906,393	843,360	715,646	1,197,071
Board of Education	22,850	29,123	130,178	20,275
Administration	1,518,691	1,495,752	1,268,525	2,374,172
Fiscal	664,869	630,446	676,445	799,415
Business	478,341	327,517	481,778	1,052,019
Operation and Maintenance of Plant	3,344,093	3,010,065	2,725,763	2,967,923
Pupil Transportation	1,410,415	1,050,482	852,648	896,795
Central	594,391	635,583	648,400	2,303,118
Operation of Non-Instructional Services	1,301,536	1,352,962	1,244,624	1,196,061
Extracurricular Activities	1,253,542	926,228	812,311	808,624
Interest and Fiscal Charges	1,411,684	1,458,885	1,510,459	1,585,232
<b>Total</b>	<u><u>\$30,466,668</u></u>	<u><u>\$28,470,750</u></u>	<u><u>\$26,834,521</u></u>	<u><u>\$26,652,737</u></u>

(1) Fluctuations in property tax revenues are caused by the variation in the amounts which are available as an advance from the County Auditor at year end and the change in rate based on the passage of a tax increase in May 2002.

Source: School District Financial Records

**Rocky River City School District**  
*General Fund Revenues by Source  
and Expenditures by Function  
Last Ten Fiscal Years*

	2004	2003	2002	2001	2000
<b>Revenues</b>					
Taxes	\$20,424,280	\$16,552,914	\$18,501,926	\$16,321,910	\$14,739,813
Intergovernmental	4,099,777	3,873,294	3,625,331	3,478,108	3,192,238
Interest	83,933	135,309	344,468	912,817	1,075,825
Charges for Services	119,609	101,077	57,811	50,026	47,832
Tuition and Fees	152,570	157,949	188,033	165,032	112,045
Rentals	24,094	59,151	54,378	68,457	47,086
Contributions and Donations	0	0	0	0	4,000
Miscellaneous	1,647	2,077	5,783	1,034	924
<b>Total</b>	<b>\$24,905,910</b>	<b>\$20,881,771</b>	<b>\$22,777,730</b>	<b>\$20,997,384</b>	<b>\$19,219,763</b>
<b>Expenditures</b>					
<b>Current:</b>					
Instruction	\$14,111,588	\$13,232,894	\$12,512,414	\$11,884,829	\$11,485,411
<b>Support Services:</b>					
Pupil	1,380,913	1,285,265	1,249,362	1,187,076	1,077,231
Instructional Staff	823,139	748,057	714,836	682,993	733,502
Board of Education	23,573	28,340	24,156	20,275	18,970
Administration	1,393,006	1,370,287	1,246,165	1,110,961	1,152,030
Fiscal	639,695	589,125	645,247	572,253	941,808
Business	435,357	325,115	284,907	290,860	264,947
<b>Operation and Maintenance</b>					
of Plant	3,030,354	2,775,288	2,632,355	2,445,296	2,474,137
<b>Pupil Transportation</b>					
Central	1,071,030	1,046,926	871,363	932,466	896,073
Extracurricular Activities	604,115	684,226	651,949	442,158	633,510
Capital Outlay	682,016	586,298	499,831	508,765	517,938
Debt Service:	112,737	0	0	0	0
Principal Retirement	0	29,348	27,867	26,461	25,125
Interest and Fiscal Charges	0	832	2,313	3,719	5,055
<b>Total</b>	<b>\$24,307,523</b>	<b>\$22,702,001</b>	<b>\$21,362,765</b>	<b>\$20,108,112</b>	<b>\$20,225,737</b>

(1) Fluctuations in property tax revenues are caused by the variation in the amounts which are available as an advance from the County Auditor at year end and the change in rate based on the passage of a tax increase in May 2002.

Source: School District Financial Records

1999	1998	1997	1996	1995
\$14,828,925	\$14,255,378	\$13,281,292	\$12,215,597	\$12,108,238
2,850,877	2,520,536	2,436,851	2,273,398	2,329,013
1,491,192	773,732	261,786	279,928	276,490
50,087	56,614	46,047	0	0
76,811	13,264	13,793	15,426	39,325
138,780	40,875	39,885	0	0
0	0	0	0	0
5,318	200,921	15,313	86,246	101,275
<u>\$19,441,990</u>	<u>\$17,861,320</u>	<u>\$16,094,967</u>	<u>\$14,870,595</u>	<u>\$14,854,341</u>
\$10,475,192	\$9,543,069	\$8,750,966	\$8,564,230	\$7,761,358
964,165	865,259	875,978	771,073	768,148
671,078	646,513	621,191	577,442	533,453
28,064	31,735	29,835	35,854	44,780
972,060	1,033,329	1,036,815	936,592	946,685
449,018	522,526	399,496	318,168	421,517
229,784	203,369	227,293	268,768	270,106
2,250,286	2,286,880	2,238,259	2,143,505	1,901,023
747,354	727,042	840,714	739,719	591,708
652,620	492,323	614,600	484,400	524,219
453,384	581,969	463,038	422,300	367,890
0	3,600	92,675	54,124	190,869
23,857	0	0	49,109	46,578
6,323	0	0	2,532	5,063
<u>\$17,923,185</u>	<u>\$16,937,614</u>	<u>\$16,190,860</u>	<u>\$15,367,816</u>	<u>\$14,373,397</u>

**Rocky River City School District**  
*Property Tax Levies and Collections*  
*Real and Tangible Personal Property (1)*  
*Last Ten Calendar Years*

Year (2)	Current Levy	Delinquent Levy	Total Levy	Current Collections	Percent of Current Levy Collected
2003	\$24,772,327	\$1,521,061	\$26,293,388	\$24,182,240	97.62%
2002	21,942,966	1,704,967	23,647,933	21,209,241	96.66
2001	22,372,013	1,309,954	23,681,967	21,772,318	97.32
2000	21,734,779	701,301	22,436,080	21,407,883	98.50
1999	19,446,461	919,915	20,366,376	18,924,826	97.52
1998	19,225,206	1,112,513	20,337,719	18,730,169	97.42
1997	16,831,137	1,075,158	17,906,295	16,276,398	96.70
1996	15,555,703	1,033,787	16,589,490	15,233,043	97.93
1995	15,634,407	1,013,074	16,647,481	15,218,587	97.34
1994	15,378,860	919,195	16,298,055	14,966,492	97.32

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because this 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) 2004 information cannot be presented because all collections have not been made by June 30.

<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Total Collection As a Percent of Current Levy</u>
\$698,404	\$24,880,644	100.44%
767,998	21,977,239	100.16
446,303	22,218,621	99.32
208,654	21,616,537	99.46
597,807	19,522,633	99.24
606,605	19,336,774	100.00
249,068	16,525,466	98.18
262,991	15,496,034	99.62
273,746	15,492,333	99.09
189,530	15,156,022	98.55

**Rocky River City School District**  
*Assessed and Estimated Actual Value of Taxable Property*  
*Last Ten Years*

Collection Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2004	\$663,153,590	\$1,894,724,543	\$10,150,730	\$11,534,920
2003	604,957,220	1,728,449,200	10,146,330	11,529,920
2002	610,185,370	1,743,386,771	10,476,890	11,905,557
2001 (2)	601,385,550	1,718,244,429	13,190,950	14,989,716
2000	524,675,910	1,499,074,029	12,877,130	14,633,102
1999	520,815,150	1,488,043,286	14,147,550	16,076,761
1998 (3)	517,522,350	1,478,635,286	14,559,700	16,545,114
1997	474,869,360	1,356,769,600	15,216,930	17,291,966
1996	469,970,430	1,342,772,657	15,759,370	17,908,375
1995 (2)	468,577,200	1,338,792,000	17,452,450	19,832,330

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because this 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.  
 Capital assets for tangible personal property is assessed at twenty-five percent of actual value.  
 Inventory for tangible personal property is assessed at twenty-three percent of actual value.
- (2) Reappraisal of property values
- (3) Triennial update of property values



Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	
\$18,767,823	\$78,199,263	\$692,072,143	\$1,984,458,726	35%
20,434,063	81,736,252	635,537,613	1,821,715,372	35
22,528,229	90,112,916	643,190,489	1,845,405,244	35
21,603,344	86,413,376	636,179,844	1,819,647,520	35
21,160,548	84,642,192	558,713,588	1,598,349,323	35
22,236,921	88,947,684	557,199,621	1,593,067,731	35
20,997,223	83,988,892	553,079,273	1,579,169,292	35
21,196,321	84,785,284	511,282,611	1,458,846,850	35
20,538,848	82,155,392	506,268,648	1,442,836,424	35
20,552,352	82,209,408	506,582,002	1,440,833,738	35

**Rocky River City School District**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(per \$1,000 of Assessed Valuation)*  
*Last Ten Calendar Years*

Year	School Levy	Library Levy	County Levy	City Levy	Total Levy	Debt Service Included in Total Levy		
						School	County	Total
2004	\$76.35	\$4.70	\$16.20	\$9.90	\$107.15	\$5.03	\$0.91	\$5.94
2003	72.40	4.70	16.20	9.90	103.20	5.03	0.91	5.94
2002	67.50	4.70	16.20	9.90	98.30	5.03	0.86	5.89
2001	68.00	4.70	16.20	9.90	98.80	5.53	0.79	6.32
2000	68.60	4.70	15.30	9.90	98.50	6.13	0.85	6.98
1999	64.70	3.80	15.30	9.90	93.70	6.13	0.72	6.85
1998	64.40	3.80	16.60	9.90	94.70	5.83	0.60	6.43
1997	60.90	3.80	16.60	9.90	91.20	2.33	0.90	3.23
1996	58.40	3.80	16.60	9.90	88.70	3.33	0.87	4.20
1995	58.90	3.80	16.80	9.90	89.40	3.83	0.76	4.59

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.

**Rocky River City School District**  
*Ratio of Annual Debt Service Expenditures For  
 General Obligation Bonded Debt to General Fund Expenditures  
 Last Ten Fiscal Years*

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentages)
2004	\$1,780,000	\$1,249,589	\$3,029,589	\$24,354,838	12.44%
2003	1,700,000	1,326,874	3,026,874	22,702,001	13.33
2002	1,895,000	1,406,532	3,301,532	21,362,765	15.45
2001	1,825,000	1,488,786	3,313,786	20,108,112	16.48
2000	1,760,000	1,566,201	3,326,201	20,225,737	16.45
1999	1,300,000	1,630,604	2,930,604	17,923,185	16.35
1998	265,000	847,047	1,112,047	16,937,614	6.57
1997	1,165,000	376,767	1,541,767	16,190,860	9.52
1996	1,065,000	834,261	1,899,261	15,367,816	12.36
1995	1,030,000	897,088	1,927,088	14,373,397	13.41

Source: School District Financial Records

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

Year	Gross General Obligation Bonded Debt	Less: Balance of Debt Service Fund	Net General Obligation Bonded Debt	Assessed Value
2004	\$24,409,128	\$3,064,003	\$21,345,125	\$692,072,143
2003	26,189,128	2,806,234	23,382,894	635,537,613
2002	27,889,128	3,006,437	24,882,691	643,190,489
2001	29,784,128	2,594,000	27,190,128	636,179,844
2000	31,655,990	2,418,709	29,237,281	558,713,588
1999	33,369,127	2,582,292	30,786,835	557,199,621
1998	34,702,511	2,127,551	32,574,960	553,079,273
1997	10,476,539	397,202	10,079,337	511,282,611
1996	12,260,000	1,061,030	11,198,970	506,268,648
1995	13,325,000	1,582,374	11,742,626	506,582,002

(1) Source: Bureau of Census, City of Rocky River.

<u>Population (1)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
20,735	3.08%	\$1,029
20,735	3.68	1,128
20,735	3.87	1,200
20,735	4.27	1,311
20,410	5.23	1,432
20,410	5.53	1,508
20,410	5.89	1,596
20,410	1.97	494
20,410	2.21	549
20,410	2.32	575

**Rocky River City School District**

*Computation of Legal Debt Margin*

*June 30, 2004*

<b>Assessed Valuation</b>	<u><u>\$692,072,143</u></u>
Overall Debt Limit - 9% of Assessed Value (1)	\$62,286,493
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	(24,409,128)
Amount Available in Debt Service Fund	<u>3,064,003</u>
Overall Debt Margin	<u><u>\$40,941,368</u></u>
Unvoted Debt Limit - .10% of Assessed Value (1)	\$692,072
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u><u>\$692,072</u></u>

Source: Cuyahoga County Auditor and School District Financial Records

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

**Rocky River City School District**

*Computation of Direct and Overlapping General Obligation Bonded Debt*

*December 31, 2003*

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
<u>Direct:</u>			
Rocky River City School District	24,409,128	100.00%	24,409,128
<u>Overlapping:</u>			
City of Rocky River	6,810,000	100.00	6,810,000
Cuyahoga County	172,250,000	2.23	3,841,175
Regional Transit Authority	113,299,118	2.23	2,526,570
Total Overlapping	292,359,118		13,177,745
Total	316,768,246		37,586,873

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

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

**Rocky River City School District**

*Property Value, Construction*

*and Bank Deposits*

*Last Ten Calendar Years*

<u>Year</u>	<u>Number of Commercial Units (a)</u>	<u>Construction Value (a)</u>	<u>Number of Residential Units (a)</u>	<u>Construction Value (a)</u>	<u>Cuyahoga County Bank Deposits (b) (Amount in 000's)</u>
2003	3	\$6,843,800	24	\$8,195,000	\$97,238,973
2002	1	9,570,917	10	3,190,000	95,761,917
2001	5	6,469,000	16	6,646,000	63,893,769
2000	2	6,119,202	7	2,476,750	61,942,764
1999	3	1,917,500	14	5,810,000	57,021,360
1998	5	5,485,000	24	5,220,000	56,770,353
1997	3	3,287,001	16	4,123,500	53,941,971
1996	4	3,859,826	75	8,109,237	27,068,211
1995	1	6,651,500	24	8,437,749	22,458,573
1994	3	7,411,380	15	4,952,867	20,885,453

Source: (a) City of Rocky River, Building Department

(b) Federal Reserve Bank of Cleveland (total demand, time and savings deposits per 000's) for Cuyahoga County, Ohio Banks

(c) Cuyahoga County Auditor

Note: One precinct of the City of Fairview Park, Ohio is part of the Rocky River City School District. The new construction data for that precinct only is not available from the City of Fairview Park.



<u>Tax Valuation Residential/ Agricultural (c)</u>	<u>Tax Valuation Commercial/ Other (c)</u>	<u>Total Assessed Real Property</u>
\$541,584,330	\$121,569,260	\$663,153,590
484,197,438	120,759,782	604,957,220
488,381,960	121,803,410	610,185,370
484,330,340	117,055,210	601,385,550
425,295,680	99,380,230	524,675,910
421,812,000	99,003,150	520,815,150
419,217,480	98,304,870	517,522,350
381,460,810	93,408,550	474,869,360
379,938,520	90,031,910	469,970,430
379,573,240	89,003,960	468,577,200

**Rocky River City School District**

*Principal Taxpayers*

*Real Estate Tax*

*December 31, 2003*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Assessed Value</u>
Westgate Joint Venture	\$14,770,810	2.23%
Westwood Towne Center Inc.	5,447,130	0.82
Normandy Associates, Ltd.	5,103,390	0.77
Rockport Associates, Ltd.	4,731,610	0.71
Presidential Apartments, Ltd.	4,057,450	0.61
Spielberger, John D.	3,258,680	0.49
Linden Apartments Company	2,835,040	0.43
Higbee Company	2,508,070	0.38
Gross Management	2,240,010	0.34
W & F Plaza Investment	<u>2,184,570</u>	<u>0.33</u>
Total	<u>\$47,136,760</u>	<u>7.11%</u>
Total Real Estate Valuation	<u>\$663,153,590</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for calendar year 2003

**Rocky River City School District**

*Principal Taxpayers*

*Tangible Personal Property Tax*

*December 31, 2003*

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Assessed Value</u>
Home Depot	\$1,047,390	5.58%
Cox Cable of Cleveland	787,430	4.20
Riser Foods	738,660	3.93
Target Corporation	667,310	3.56
Kohl's Department Store	615,670	3.28
Sygenta Crop Protection, Inc.	572,040	3.05
Marc Glassman Inc.	394,410	2.10
Heinen's, Inc.	329,270	1.75
Walgreen Corporation	253,910	1.35
Office Max, Inc.	<u>179,510</u>	<u>0.96</u>
Total	<u>\$5,585,600</u>	<u>29.76%</u>
Total Tangible Assessed Valuation	<u>\$18,767,823</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for calendar year 2003

**Rocky River City School District**  
*Principal Taxpayers*  
*Public Utilities Real and Tangible Property Tax*  
*December 31, 2003*

Name of Taxpayer	Assessed Value (1)	Percentage of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$4,336,960	42.73%
Ohio Bell Telephone Company	3,172,510	31.25
East Ohio Gas Company	660,520	6.50
American Transmission Systems Company	527,630	5.20
	<u>\$8,697,620</u>	<u>85.68%</u>
Total Public Utility Assessed Value	<u>\$10,150,730</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for calendar year 2003

**Rocky River City School District**

*Per Pupil Cost*

*Last Ten Fiscal Years*

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Official Enrollment</u>	<u>Per Pupil Cost</u>
2004	\$24,354,838	2,598	\$9,374
2003	22,702,001	2,575	8,816
2002	21,362,765	2,517	8,487
2001	20,108,112	2,458	8,181
2000	20,225,737	2,397	8,438
1999	17,923,185	2,341	7,656
1998	16,937,614	2,213	7,654
1997	16,190,860	2,167	7,472
1996	15,367,816	2,124	7,235
1995	14,373,397	2,031	7,077

Source: School District Financial Records.

**Rocky River City School District**  
*Certificated Staff Education and Experience*  
*June 30, 2004*

Degree	Number of Staff	Percentage of Total
Bachelor's Degree	10	6.17%
Bachelor's Degree + 9 hours	9	5.56
Bachelor's Degree + 18 hours	19	11.73
Master's Degree	50	30.86
Master's Degree+ 9 hours	23	14.20
Master's Degree + 18 hours	15	9.26
Master's Degree + 27 hours	14	8.64
Master's Degree + 36 hours	22	13.58
Total	162	100.00%
Years of Experience	Number of Staff	Percentage of Total
0 - 5	33	20.37%
6 - 10	54	33.33
11 and over	75	46.30
	162	100.00%

Source: School District Personnel Records (Excludes Administrators and Managers).

**Rocky River City School District**

*Student Demographic Information*

*June 30, 2004*

<u>Grade</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
CCB Preschool Handicapped	20	11	31
Kindergarten	70	86	156
First Grade	87	86	173
Second Grade	98	87	185
Third Grade	101	93	194
Fourth Grade	92	115	207
Fifth Grade	107	95	202
Sixth Grade	97	92	189
Seventh Grade	102	119	221
Eighth Grade	117	96	213
Ninth Grade	106	119	225
Tenth Grade	99	103	202
Eleventh Grade	107	87	194
Twelfth Grade	98	108	206
School District Total	<u>1,301</u>	<u>1,297</u>	<u>2,598</u>

	<u>Eskimo/ American Indian</u>	<u>Asian</u>	<u>Black</u>	<u>White</u>	<u>Multi-Racial</u>	<u>Hispanic</u>
Primary	0.40%	1.70%	0.60%	94.00%	2.40%	0.90%
Intermediate	0.20	2.00	0.80	93.00	1.80	2.20
Middle School	0.20	1.00	0.60	95.00	2.10	1.10
High School	0.10	1.50	0.60	94.10	1.80	1.90

Source: School District Student Records

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**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

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**ROCKY RIVER CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 30, 2004**