

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2008**



**Mary Taylor, CPA**  
Auditor of State



**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Federal Awards Receipts and Expenditures Schedule.....	1
Notes to the Federal Awards Receipts and Expenditures Schedule .....	2
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	3
Independent Accountants' Report on Compliance with Requirements Applicable to It's Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	5
Schedule of Findings.....	7

**This page intentionally left blank.**

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. Department of Agriculture</u></b>					
<i>Passed Through Ohio Department of Education:</i>					
Food Distribution	10.550	\$0	\$34,957	\$0	\$34,957
Child Nutrition Cluster:					
National School Breakfast Program	10.553	6,615	0	6,615	0
Subtotal National School Breakfast Program		6,615	0	6,615	0
National School Lunch Program	10.555	177,094	0	177,094	0
Subtotal National School Lunch Program		177,094	0	177,094	0
Total Child Nutrition Cluster		183,709	0	183,709	0
<b>Total U.S. Department of Agriculture</b>		<b>183,709</b>	<b>34,957</b>	<b>183,709</b>	<b>34,957</b>
<b><u>U.S. Department of Education</u></b>					
<i>Passed Through Ohio Department of Education:</i>					
Special Education Cluster:					
IDEA Part B (Title VI-B)	84.027	999,147	0	954,490	0
Subtotal IDEA Part B		999,147	0	954,490	0
Preschool Disability Grant	84.173	28,915	0	29,495	0
Subtotal Preschool Disability Grant		28,915	0	29,495	0
Total Special Education Cluster		1,028,062	0	983,985	0
Drug Free School Grant	84.186	14,771	0	14,661	0
Total Drug Free School Grant		14,771	0	14,661	0
Title V - Innovative Programs	84.298	11,506	0	11,078	0
Total Title V - Innovative Programs		11,506	0	11,078	0
Title II, Part A - Teacher and Principal Training and Recruiting	84.367	73,458	0	67,563	0
Total Title II, Part A - Teacher and Principal Training and Recruiting		73,458	0	67,563	0
Title III - Limited English Proficiency Grant	84.365	21,154	0	19,076	0
Total Title III - Limited English Proficiency Grant		21,154	0	19,076	0
<b>Total U.S. Department of Education</b>		<b>1,148,951</b>	<b>0</b>	<b>1,096,363</b>	<b>0</b>
<b>Total Federal Financial Assistance</b>		<b>\$1,332,660</b>	<b>\$34,957</b>	<b>\$1,280,072</b>	<b>\$34,957</b>

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

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information of 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, 2008, the District had no significant food commodities in inventory.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**CFDA** – Catalog of Federal Domestic Assistance.



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the District's management in a separate letter dated December 12, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 12, 2008.

We intend this report solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 12, 2008





# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Education:

#### Compliance

We have audited the compliance of the North Royalton City School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the North Royalton City School District, Cuyahoga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

#### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

### **Internal Control Over Compliance (Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 12, 2008. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 12, 2008

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: IDEA Part B (Title VI-B)—CFDA #84.027 and Special Education, Preschool Disability Grant—CFDA #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008  
(CONTINUED)**

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

***NORTH ROYALTON CITY SCHOOL DISTRICT***  
***NORTH ROYALTON, OHIO***  
***COMPREHENSIVE ANNUAL FINANCIAL REPORT***  
***FOR THE FISCAL YEAR ENDED JUNE 30, 2008***

Issued By:  
Treasurer's Office  
Richard McIntosh  
Treasurer



**North Royalton City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2008*  
*Table of Contents*

---

Page

**I. Introductory Section**

Table of Contents .....	i
Letter of Transmittal .....	iv
List of Principal Officials .....	x
Organizational Chart .....	xi
GFOA Certificate of Achievement .....	xii

**II. Financial Section**

Independent Accountants' Report .....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets .....	14
Statement of Activities .....	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund .....	20
Statement of Fund Net Assets - Internal Service Fund .....	21
Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Fund .....	22
Statement of Cash Flows - Internal Service Fund .....	23
Statement of Fiduciary Assets and Liabilities - Agency Funds .....	24
Notes to the Basic Financial Statements .....	25

Combining and Individual Fund Statements and Schedules:

Combining Statements - Nonmajor Governmental Funds:

Fund Descriptions.....	52
Combining Balance Sheet - Nonmajor Governmental Funds .....	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	55
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	60
Combining Balance Sheet - Nonmajor Capital Projects Funds .....	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds .....	65

Combining Statements – Fiduciary Funds:

Fund Descriptions.....	66
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	67

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

**Major Funds:**

General Fund .....	69
Bond Retirement Fund.....	74

**Nonmajor Funds:**

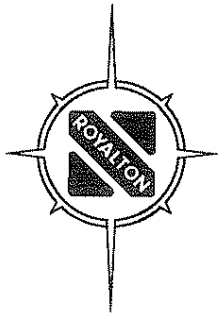
Food Service Fund.....	75
Scholarship Fund .....	76
Adult Education Fund.....	77
Public School Support Fund .....	78
Local Grants Fund .....	79
Athletics and Music Fund.....	80
Auxiliary Services Fund .....	81
Educational Management Information Systems Fund.....	82
Entry Year Program Fund.....	83
Network Connectivity Fund .....	84
SchoolNet Professional Development Fund .....	85
Miscellaneous State Grants Fund .....	86
Title VI-B Fund .....	87
Immigrant Education Fund.....	89
Title V Fund .....	90
Drug Free Schools Grant Fund.....	91
Preschool Grant Fund .....	92
Class Size Reduction Grant Fund.....	93



Permanent Improvement Fund .....	94
Building Fund.....	96
SchoolNet Plus Fund .....	97
Self Insurance Fund .....	98

### III. Statistical Section

Net Assets by Component—Last Six Fiscal Years .....	S2
Changes in Net Assets of Governmental Activities—Last Six Fiscal Years .....	S3
Fund Balances, Governmental Funds—Last Ten Fiscal Years.....	S4
Changes in Fund Balances—Last Ten Fiscal Years .....	S6
Assessed and Estimated Actual Value of Taxable Property—Last Ten Years .....	S8
Property Tax Rates—Direct and Overlapping Governments—Last Ten Years .....	S10
Property Tax Levies and Collections—Last Ten Years.....	S14
Principal Taxpayers:	
Real Estate Tax.....	S15
Tangible Personal Property Tax.....	S16
Public Utilities Tax .....	S17
Computation of Direct and Overlapping Governmental Activities Debt.....	S18
Ratio of General Obligation Bonded Debt to Estimated Actual Value, Personal Income and Population—Last Ten Fiscal Years .....	S19
Computation of Legal Debt Margin — Last Ten Fiscal Years .....	S20
Demographic and Economic Statistics — Last Nine Years.....	S22
Principal Employers — December 31, 2007 and December 31, 2005.....	S24
Building Statistics by Function/Program — Last Five Fiscal Years.....	S25
Enrollment Statistics — Last Ten Fiscal Years .....	S27
Per Pupil Cost — Last Ten Fiscal Years.....	S28
School District Employees by Function/Program — Last Eight Fiscal Years.....	S30
Full-time Equivalent Teachers by Education — Last Ten Fiscal Years .....	S32
Average Number of Students per Teacher — Last Ten School Years.....	S34



# NORTH ROYALTON CITY SCHOOLS

## Office of the Treasurer

6579 Royalton Road  
North Royalton, Ohio 44133

440-582-7273  
Fax 440-582-7336

December 12, 2008

Board of Education Members  
North Royalton City School District

It is our privilege to present to you the Comprehensive Annual Financial Report (CAFR) of the North Royalton City School District ('School District') for the fiscal year ended June 30, 2008. This CAFR enables the School District to comply with the Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires school districts reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of fiscal year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this CAFR, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Under Ohio law, regular audits are required to be performed on all financial related operations of the School District. These audits may be done by either the State Auditor's Office or, if the State Auditor permits, an independent public accounting firm. For fiscal year 2008, the School District was audited by the Auditor of State's Office. Their unqualified opinion is included in the financial section of this CAFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **The School District**

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

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

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

The North Royalton School District provides a comprehensive array of programs and services in six school buildings: one high school with grades 9 through 12, one middle school with grades 5 through 8, three elementary schools with each containing grade 1 through grade 4, and an Early Childhood Center for grades pre-kindergarten through kindergarten. Course offerings, supplemented by extra-curricular opportunities, afford students with the skills necessary to pursue post-high school educational and career goals.

The students enrolled in the North Royalton City School District attend classes in the following buildings:

- North Royalton High School built in 1950, with additions in 1958, 1976 and 1990 houses students in grades 9 through 12.
- North Royalton Middle School built in 1996 houses students in grades 5 through 8.
- Albion Elementary School built in 1955 with additions in 1956, 1957, 1976, 1978 and 1988 houses students in grades 1 through 4.
- Royal View Elementary School built in 1965 with an addition in 1988 houses students in grades 1 through 4.
- Valley Vista Elementary School built in 1959 with additions in 1961 and 1988 houses students in grades 1 through 4.
- The Early Childhood Center, consisting of four buildings leased from the City of Broadview Heights, houses pre-kindergarten and kindergarten students.

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

### **The Reporting Entity**

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

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

### **Economic Condition and Outlook**

The City of North Royalton continues to experience a period of rapid growth. The 2000 U.S. Census data reports a population of 28,648 in the City of North Royalton. This represents a 23.5 percent increase since the 1990 census. The median household income is \$57,398.

The North Royalton City School District receives 69.6 percent of its governmental revenues from local property tax collections. Therefore the long-term financial health of the School District is very dependent on its tax base. The total assessed value of the School District's tax duplicate rose by nearly 74 percent in the

last ten years. The increased value in the duplicate is due to revisions in property values made by the County Auditor every three years and new construction taking place in the School District.

The City of North Royalton and the City of Broadview Heights continue to attract new housing and commercial development. There are currently 27 new housing developments approved and under construction in the School District.

Enrollment for the 1998-1999 school year was 4,124 students. Enrollment for the 2007-2008 school year was 4,701 students. The School District enlists the assistance of a professional demographer to develop enrollment projections. Projections are developed assuming low, moderate and high growth rates in the School District. The last enrollment projections completed in March 2006 indicate that the growth in the student population will continue. Student enrollment projections for the 2016-2017 school year estimates an enrollment of 5,200 students assuming moderate growth rates.

### **Educational Program**

During the 2008 school year, the School District's curriculum included a wide range of electives and comprehensive courses of study in college preparatory, liberal arts and vocational programs. The School District offers advanced placement courses at the high school in American Government, English, Calculus AB, Computer Science, Economics and Physics B. Test scores indicate students are achieving higher than State and national averages. The School District has earned the highest rating on the State of Ohio District Report Card for the past eight consecutive years and received this year's new rating of Excellent with Distinction.

The graduating Class of 2008 exceeded the State and national average scores on both the American College Test (ACT) and the Scholastic Aptitude Test (SAT). The composite score of 23.4 on the ACT surpassed the State average of 21.7 and the national average of 21.1. The mean scores for North Royalton students on the SAT of 579 in mathematics and 550 in critical reading surpassed the State mean score of 544 and the national score of 515 in mathematics and the state mean of 534 and the national mean of 502 in the critical reading section. This year the high school has two finalists and four commended scholars in the National Merit Scholarship Program.

A full range of student activities and athletic programs are available to students at the high school. Some activities are open to all student participants while others, including interscholastic sports, require a try-out process. Competitive sports programs are available via affiliation in the Northeast Ohio Conference from grades 7 through 12.

Ninety percent of the high school graduates last year indicated they intended to continue their education at the university or college level with 71 percent attending a four-year college and 19 percent a two-year college. The high school offers 190 courses on the main campus with an additional 50 vocational offerings at Cuyahoga Valley Career Center. Additional academic statistics from the Class of 2008 include: 28 percent received an Honors Diploma, 16 percent were members of the National Honor Society, 4 percent graduated Magna Cum Laude and 7 percent graduated Cum Laude.

### **Major Initiatives:**

#### *2007 – 2008 School Year*

- Continued the cycle of curriculum review and/or material selection (Industrial Technology, science K - 12), enabling monitoring and updating of the Pre-K – 12 educational program
- Developed the Consolidated Continuous Improvement Plan (CCIP) that is designed to improve student achievement

- Continued the implementation of the Response to Intervention (RtI) process
  - Year 3 for Literacy
  - Year 2 for Behavior
    - Developed an elementary and middle school Behavior Handbook
    - Training provided for Building Assistance Teams
  - Year 1 for Math
    - Implemented EHarcourt Inventory and End of Year tests in grades 1 through 5
- Formulated curriculum guides for science in grades K – 12
- Trained staff to use a variety of data (i.e. Value Added, OAT/OGT, DIBELS, AIMSweb)
- Initiated new high school freshman orientation program (Link Crew)
- Trained middle school staff to implement new grade 5 orientation program (WEB)
- Continued implementation of Progressbook, an internet based program, to effectively communicate with parents in K – 12
- Continuous professional development to help staff meet the learning needs of all students such as: Early Math Placement (high school math department), 6 Trait Writing Program (elementary and middle school), RtI Implementation, Math-U-See resources, Learning A – Z, AIMSweb Palm Training (grades 5 and 6), Pro-Engineer Wildfire software training (Technology Education), using Holt online math assessments (grade 7), MAX Teaching for Reading and Writing, Applied Behavior Analysis, Building Assistance Team Training
- Provided extended day services for identified pre-school and kindergarten special needs students

***For the Future***

- Continue the cycle of curriculum review, material selection highlighting science and grade 4 social studies
- Monitor and Refine the Consolidated Continuous Improvement Plan (CCIP) to improve student achievement as determined by data
- Continue the implementation of the Response to Intervention (RtI) process
  - Year 4 for Literacy
    - Examine effectiveness of universal screeners in grades K - 8
  - Year 3 for Behavior
    - Implement Positive Behavior Support programs in schools
  - Year 2 for Math
    - Continue to administer the EHarcourt Inventory and End of Year tests
- Implement internet based access using Progressbook for students and parents in grades Pre-k – 12 to access grades, report cards, progress reports, and class information
- Continued training in the utilization of data to drive decisions (Value added, OAT/OGT, DIBELS, AIMSweb, Get It! Got It! Go!, Harcourt math screeners)
- Begin examination of our professional development model and content to serve the needs of our staff in a manner that is fiscally responsible and that will lead to improved student achievement
  - Establish a professional development committee
  - Continue to incorporate early release days as a beginning to altering our model
  - Developing and using in-district experts

- Continue collaboration with State representatives and constituents regarding funding, facility needs, and operation needs
- Initiate Title 1 services to students at the Early Childhood Center, Albion, Royal View and North Royalton Middle School
- Adopt and provide alternative curriculum in language arts resource rooms for K – 12 students (Readwell, LANGUAGE!)
- Expand technology implementation in classrooms (SMARTboards, Student Response Systems)
- Continue professional development of staff to meet the needs of special populations (i.e. special education, ELL, gifted)
- Examine development and implementation of common assessments and related professional development

### **Long Term Planning**

The School District has placed an emphasis on long term planning. The administrative staff meets twice per year to review and discuss staffing levels for the next five years in light of enrollment changes and program requirements. Operating costs and capital expenditure needs are also reviewed and analyzed during these meetings. As previously noted, the growing student population places stress on both the operating budget and physical facilities. Enrollment projections are completed at least biannually by professional demographers and the results are analyzed and incorporated into the operating and capital budget projections for the next five year period.

### **Relevant Financial Policies**

The Board of Education, in its policy making role, reviews and updates School District policies on a regular basis. The impact of policy changes on School District finances is one part of this review. For example, the Board has adopted a policy requiring intervention services be provided any student who scores below the proficient level in reading, writing, mathematics social studies or science proficiency tests, or who do not demonstrate academic performance at their grade level based on the results of a diagnostic assessment.

Intervention services have generally been funded through state and federal grants. The reduction of those revenue sources has required the School District's general fund to absorb those expenses. In addition, the School District has chosen to increase these services with the implementation of the Response to Intervention process. This is the practice of providing high quality instruction and intervention matched to student need, monitoring progress frequently to make decisions about changes in instructional goals and applying child response data to important educational decisions.

### **Awards**

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to North Royalton City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

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

### **Acknowledgments**

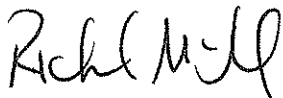
The publication of this report is a significant step toward professionalizing the North Royalton City School District's financial reporting. It enhances the School District's accountability to the residents of the North Royalton City School District.

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

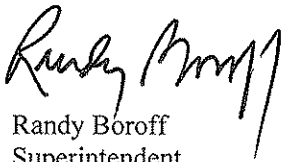
Special appreciation is expressed to the Local Government Services Section of State Auditor Mary Taylor's office for assistance in planning, designing and reviewing this financial report.

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

Respectfully submitted,



Richard McIntosh  
Treasurer



Randy Boroff  
Superintendent

**North Royalton City School District**

*Principal Officials*

*June 30, 2008*

---

---

***Board of Education***

Ms. Heidi Dolezal.....President  
Ms. Cheryl Hannan..... Vice President  
Mr. Leonard Reinhard ..... Member  
Ms. Anne Reinkober..... Member  
Ms. Barbara Zindroski..... Member

***Treasurer***

Mr. Richard McIntosh

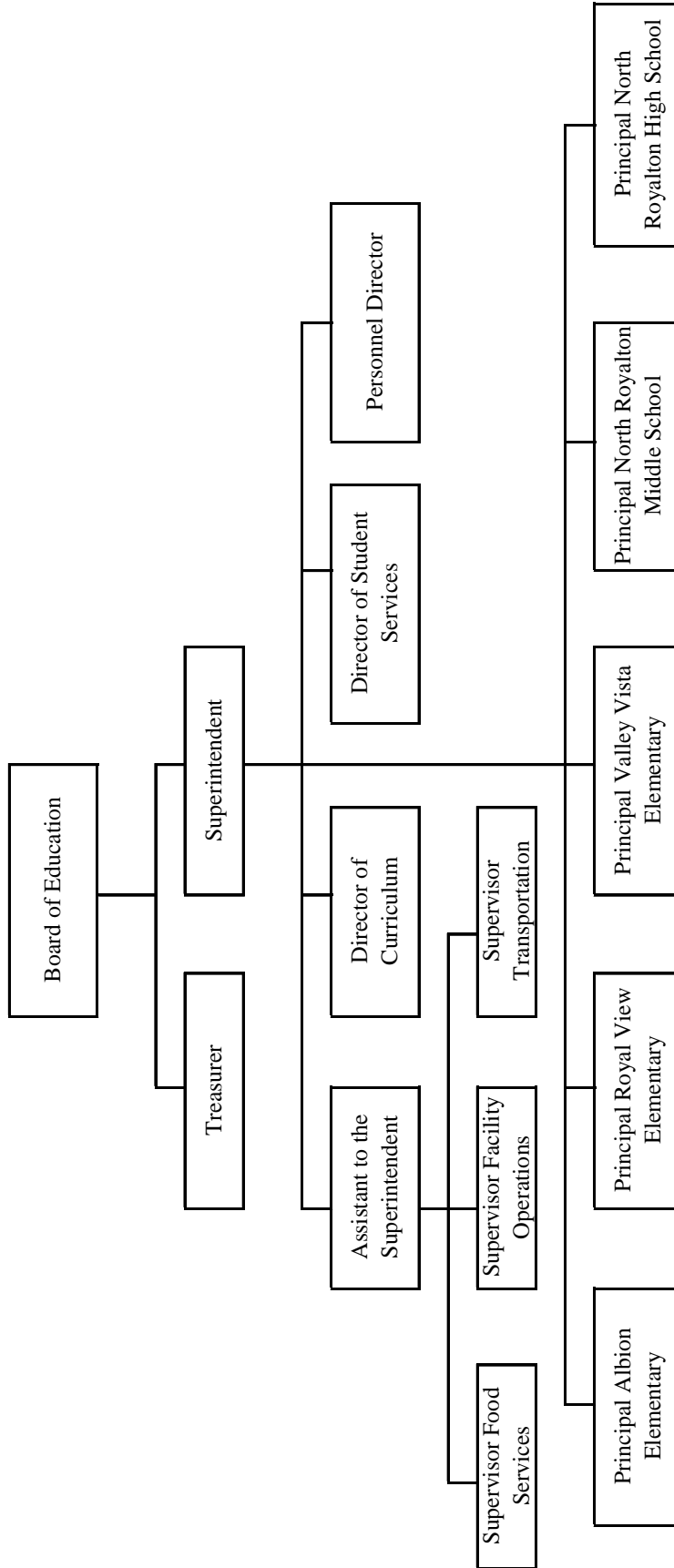
***Administration***

Mr. Randy Boroff ..... Superintendent  
Mr. James J. Presot.....Assistant Superintendent  
Mr. Greg Gurka ..... Director of Personnel  
Mr. Richard W. Evans..... Director of Curriculum and Instruction  
Ms. Susan Welch..... Director of Student Services



**North Royalton City School District**

***Organizational Chart***



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Royalton City  
School District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 12, 2007

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

---

The discussion and analysis of North Royalton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. 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, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2008 are as follows:

- ❑ The School District is committed to meeting the academic needs of our students by providing them with updated textbooks and instructional materials to compete in a global environment. During fiscal year 2008, the School District adopted a new series of textbooks for math.
- ❑ The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District. The School District was able to implement the Response to Intervention program utilizing grant monies. The School District is able to help students in the areas of reading, math and writing.
- ❑ The School District values the education of our students and teachers. In fact, continuing education is a priority for our certificated staff, over 71 percent have achieved a Masters' degree or above.
- ❑ Due to the voters' rejection of a 4.9 mill, five year operating levy on the March 2008 ballot and the 5.9 mill, 10 year operating levy on the November 2008 ballot, the School District had to make difficult cuts in order to stay within estimated resources. The School District decided to eliminate 17 support positions in January 2009 which will necessitate the closing of school buildings in the evening. The School District also eliminated high school busing, field trips and instituted fees for spring sports.
- ❑ Not only does the School District value education but recognizes the importance of providing the students with a variety of extra-curricular activities. The high school varsity football team was the Northeast Ohio Conference Lake Division Champions for 2008. The high school band, through donations and fund raising activities, was able to play at the College National Championship game between Ohio State University and Louisiana State University in New Orleans.

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

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

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

---

explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the North Royalton City School District, the general fund is by far the most significant fund.

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

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

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

**The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007:

**Table 1**  
 Net Assets  
 Governmental Activities

	2008	2007	Change
<b>Assets</b>			
Current and Other Assets	\$45,646,969	\$47,241,347	(\$1,594,378)
Capital Assets, Net of Depreciation	25,932,117	26,371,329	(439,212)
<i>Total Assets</i>	<u>71,579,086</u>	<u>73,612,676</u>	<u>(2,033,590)</u>
<b>Liabilities</b>			
Current and Other Liabilities	34,130,350	36,034,291	(1,903,941)
Long-Term Liabilities:			
Due Within One Year	2,125,495	1,472,108	653,387
Due in More Than One Year	17,890,723	19,811,743	(1,921,020)
<i>Total Liabilities</i>	<u>54,146,568</u>	<u>57,318,142</u>	<u>(3,171,574)</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	11,206,829	10,404,332	802,497
Restricted for:			
Capital Projects	0	243,059	(243,059)
Debt Service	3,728,413	3,472,628	255,785
Other Purposes	303,158	426,672	(123,514)
Unrestricted	2,194,118	1,747,843	446,275
<i>Total Net Assets</i>	<u>\$17,432,518</u>	<u>\$16,294,534</u>	<u>\$1,137,984</u>

By comparing assets and liabilities, one can see the overall position of the School District has improved as evidenced by the increase in net assets. Management continues to diligently plan expenses, staying carefully within the School District's revenues.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net assets for the fiscal year 2008 and 2007.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

**Table 2**  
 Governmental Activities

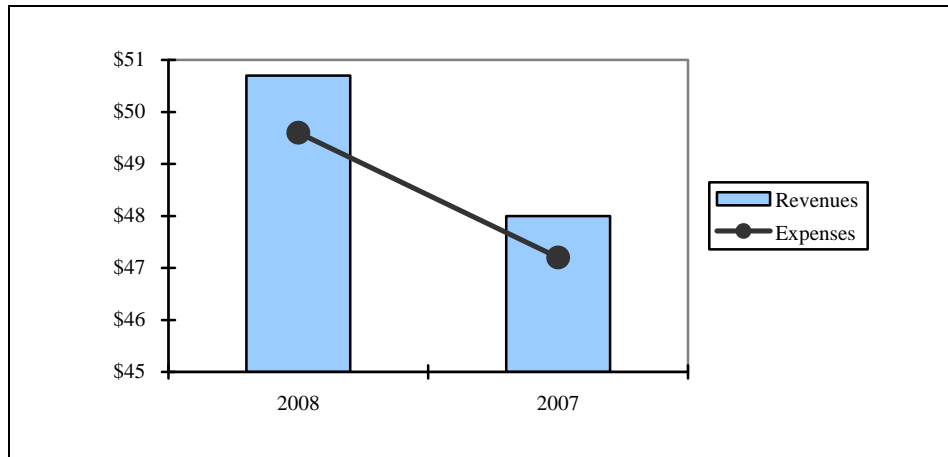
	2008	2007	Change
<b>Program revenues</b>			
Charges for Services and Sales	\$1,902,709	\$1,698,741	\$203,968
Operating Grants, Contributions and Interest	2,160,289	2,155,796	4,493
Capital Grants and Contributions	75,317	46,019	29,298
<i>Total Program Revenues</i>	<u>4,138,315</u>	<u>3,900,556</u>	<u>237,759</u>
<b>General revenues</b>			
Property Taxes	34,830,561	33,413,132	1,417,429
Grants and Entitlements not Restricted to Specific Programs	10,435,570	9,734,777	700,793
Investment Earnings	814,931	855,268	(40,337)
Gain on Sale of Capital Assets	358,462	3,000	355,462
Miscellaneous	179,473	103,302	76,171
<i>Total General Revenues</i>	<u>46,618,997</u>	<u>44,109,479</u>	<u>2,509,518</u>
<i>Total Revenues</i>	<u>50,757,312</u>	<u>48,010,035</u>	<u>2,747,277</u>
<b>Program Expenses</b>			
Instruction:			
Regular	21,558,320	20,004,883	1,553,437
Special	4,835,486	4,603,113	232,373
Vocational	194,028	193,147	881
Support Services:			
Pupil	2,490,528	2,418,861	71,667
Instructional Staff	2,974,945	3,132,012	(157,067)
Board of Education	38,657	35,706	2,951
Administration	3,574,520	3,249,707	324,813
Fiscal	1,048,878	970,782	78,096
Business	325,633	299,718	25,915
Operation and Maintenance of Plant	4,002,858	3,949,268	53,590
Pupil Transportation	3,540,389	3,490,934	49,455
Central	578,689	469,215	109,474
Operation Non-Instructional Services	856,858	777,482	79,376
Operation of Food Services	1,492,421	1,373,576	118,845
Extracurricular Activities	975,997	971,326	4,671
Interest and Fiscal Charges	1,131,121	1,249,576	(118,455)
<i>Total Program Expenses</i>	<u>49,619,328</u>	<u>47,189,306</u>	<u>2,430,022</u>
<i>Increase in Net Assets</i>	1,137,984	820,729	317,255
<i>Net Assets Beginning of Year</i>	<u>16,294,534</u>	<u>15,473,805</u>	<u>820,729</u>
<i>Net Assets End of Year</i>	<u>\$17,432,518</u>	<u>\$16,294,534</u>	<u>\$1,137,984</u>



**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

**Graph 1**  
**Revenues and Expenses**  
(In Millions)

	2008	2007
Revenues	\$50.7	\$48.0
Expenses	49.6	47.2



***Governmental Activities***

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. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. 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 less than \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

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. The increase in property tax revenue was due to new construction coming on to the tax duplicate and an extra \$.5 million available as an advance offset by the elimination of the 10 percent rollback for businesses that was effective in January 2006.

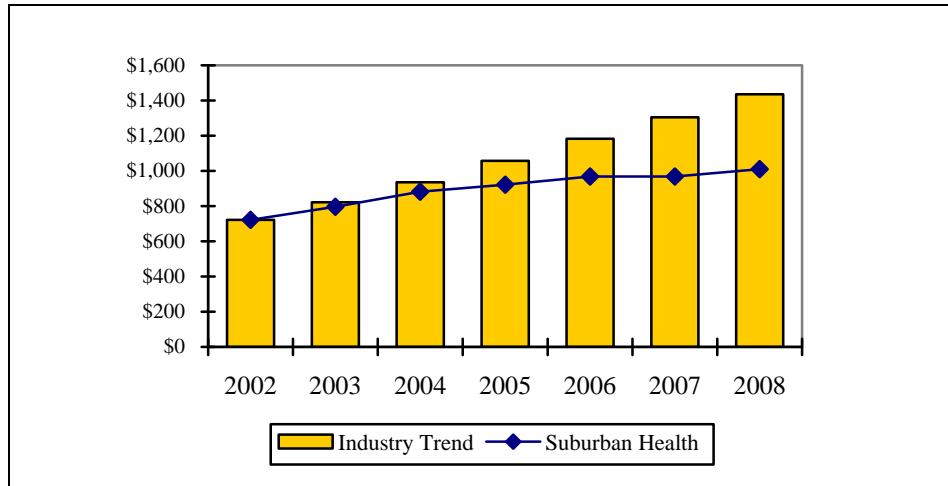
Overall expenses increased as the School District continues to see enrollment gains which translate into staffing needs. The teachers and administrators agreed to extend the existing contract through fiscal year 2009 with no increase in the base. Additionally, special education requirements and the requirements dictated by the federal No Child Left Behind legislation continue to add pressure to the School District's budget.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

---

The School District implemented the NutraKids program. Beginning in fiscal year 2008, parents have the opportunity to pay for the student's lunch online. Each student uses his/her personal identification number, that accesses his/her account, when visiting the cafeteria. Cafeteria prices did increase slightly in order to cover rising costs.

The School District is a member of the Suburban Health Consortium (the "Consortium"). The Consortium is a shared risk pool created pursuant to State statute for the purpose of maximizing benefits and/or reducing costs of health care benefits. To date the Consortium has been an overwhelming success. The following chart compares the School District's costs for medical and prescription drug insurance as a result of participating in the Consortium versus what the costs would have been if the School District had experienced the health industry inflationary trends for the same time period.



The School District sold ten acres of unusable land behind Valley Vista Elementary School for \$273,433. As part of the sale the School District received three acres of land coterminous to the remaining school property. These three acres provide the School District additional options should the expansion or replacement of the Valley Vista Elementary School become necessary.

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

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the School District. Almost 98 percent of instructional activities are supported through taxes and other general revenues. The community, as a whole, is by far the primary support for North Royalton City School District students.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

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

	2008		2007	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction:				
Regular	\$21,558,320	(\$20,993,971)	\$20,004,883	(\$19,608,064)
Special	4,835,486	(4,750,865)	4,603,113	(4,487,782)
Vocational	194,028	(194,028)	193,147	(193,147)
Support Services:				
Pupil	2,490,528	(2,430,914)	2,418,861	(2,358,490)
Instructional Staff	2,974,945	(2,119,508)	3,132,012	(2,284,373)
Board of Education	38,657	(38,657)	35,706	(35,706)
Administration	3,574,520	(3,526,956)	3,249,707	(3,218,379)
Fiscal	1,048,878	(1,040,864)	970,782	(963,042)
Business	325,633	(325,633)	299,718	(299,718)
Operation and Maintenance of Plant	4,002,858	(3,883,598)	3,949,268	(3,826,489)
Pupil Transportation	3,540,389	(3,510,200)	3,490,934	(3,443,847)
Central	578,689	(578,689)	469,215	(469,215)
Operation of Non-Instructional Services	856,858	(125,611)	777,482	(70,738)
Operation of Food Services	1,492,421	(123,904)	1,373,576	(52,927)
Extracurricular Activities	975,997	(706,494)	971,326	(727,257)
Interest and Fiscal Charges	1,131,121	(1,131,121)	1,249,576	(1,249,576)
<i>Total</i>	\$49,619,328	(\$45,481,013)	\$47,189,306	(\$43,288,750)

**The School District's Funds**

Information regarding the School District's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$49,776,203 and expenditures of \$50,338,907. The general fund had a moderate decrease in fund balance mainly due to contracted salary increases offset by slightly higher tax revenues. The bond retirement debt service fund continues to make the bonded debt service requirements. Other Governmental Funds had a decrease in fund balance as the School District continues to use grant money to provide students with a dynamic education. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes from the communities that comprise the School District are the largest revenue source, accounting for 69 percent of total governmental revenue.

**General Fund Budgeting Highlights**

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

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

During the course of fiscal year 2008, the School District did not have to amend its general fund appropriations. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

Due to conservative estimates for property taxes and interest revenue, the actual budget basis revenue was slightly higher than final budget basis revenues. The School District's final budget basis expenditures were \$520,976 lower than the final estimate. This is due in large part to the School District's continued commitment to provide a quality education while still controlling the costs of a quality education.

**Capital Assets and Debt Administration**

*Capital Assets*

Table 4 shows fiscal 2008 balances compared to 2007:

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

	2008	2007
Land	\$560,140	\$478,111
Land Improvements	453,645	517,210
Buildings and Improvements	21,901,407	22,182,535
Furniture and Equipment	1,389,118	1,611,375
Vehicles	1,627,807	1,582,098
<i>Total Capital Assets</i>	<i>\$25,932,117</i>	<i>\$26,371,329</i>

The School District, in order to conserve energy costs, replaced two boilers and the HVAC roof top unit at the high school. Roofs at the high school and Valley Vista Elementary School were replaced. The School District also replaced four school buses. These increases were offset by the annual depreciation which accounts for the overall decrease in capital assets. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks and instructional materials and supplies. For fiscal year 2008, this amounted to \$703,770 for each set aside. See Note 9 to the basic financial statements for additional information on the School District's capital assets and Note 19 for additional information regarding required set-asides.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

**Debt**

Table 5 summarizes the bonds outstanding.

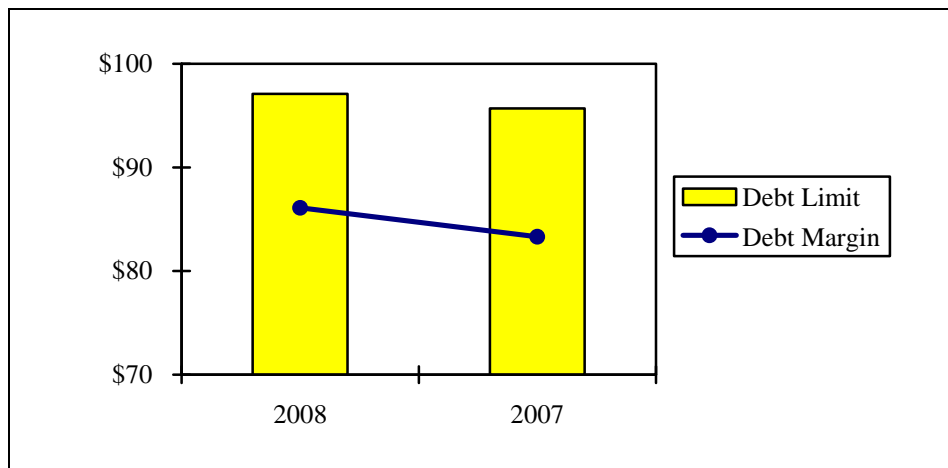
**Table 5**  
**Outstanding Debt at Fiscal Year End**  
**Governmental Activities**

	2008	2007
1993 School Improvement Bonds	\$705,000	\$1,390,000
1994 School Improvement Bonds	1,875,963	2,695,732
2005 School Improvement Bonds	14,335,363	14,312,370
<i>Total</i>	\$16,916,326	\$18,398,102

The School District's overall legal debt margin increased to \$86.1 million. This is the additional amount of debt the School District could issue. The debt margin increased from 2007 due to the School District paying down current debt and increasing property valuations. See Note 14 to the basic financial statements for detail on the School District's long-term obligations.

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

	2008	2007
Overall Debt Limit	\$97.1	\$95.7
Overall Debt Margin	86.1	83.3



## **North Royalton City School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited*

---

### **School District Outlook**

The School District has been successful in continuing to maintain its strong academic programs while maintaining one of the lowest per pupil expenditure levels in Cuyahoga County and experiencing continued enrollment growth. This enrollment growth, stagnant State funding and limited local tax revenue growth inherent with Ohio's tax structure will present the most significant challenges to the School District in the future.

Residential development continues to take place in both the cities of North Royalton and Broadview Heights. The School District's enrollment projection, updated in 2007, reflects continuous growth over the next ten years. The School District's facilities have reached maximum capacity. As a stopgap measure, the School District leased four buildings from the City of Broadview Heights to house preschool and kindergarten students beginning in the 2004-2005 school year. This freed classroom space at the elementary level and enabled redistricting, achieving a better balance of student enrollment at each of the elementary schools.

The School District contracted with an architectural firm and a construction management firm in 2008 to update the facilities master plan. The School District is working with a citizen advisory group and the firms to prepare a long-term solution to the facilities issues.

Since the voters' rejection of the prospective operating levies, the School District has made difficult decisions regarding program reductions. The School District is going to be on the May 2009 ballot with another operating issue. Should that issue not be successful additional program reductions will be put in place for the 2009-2010 school year.

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

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

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

**Basic Financial Statements**

# North Royalton City School District

## Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$10,836,557
Accounts Receivable	4,632
Intergovernmental Receivable	40,107
Accrued Interest Receivable	35,526
Materials and Supplies Inventory	97,319
Property Taxes Receivable	34,481,690
Unamortized Bond Issuance Costs	151,138
Nondepreciable Capital Assets	560,140
Depreciable Capital Assets, Net	<u>25,371,977</u>
<i>Total Assets</i>	<u>71,579,086</u>
<b>Liabilities</b>	
Accounts Payable	271,181
Accrued Wages and Benefits	3,708,844
Contracts Payable	142,257
Matured Compensated Absences Payable	130,495
Vacation Benefits Payable	146,464
Intergovernmental Payable	1,406,130
Deferred Revenue	28,120,491
Accrued Interest Payable	192,265
Claims Payable	12,223
Long-Term Liabilities:	
Due Within One Year	2,125,495
Due In More Than One Year	<u>17,890,723</u>
<i>Total Liabilities</i>	<u>54,146,568</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	11,206,829
Restricted for:	
Debt Service	3,728,413
Other Purposes	303,158
Unrestricted	<u>2,194,118</u>
<i>Total Net Assets</i>	<u>\$17,432,518</u>

See accompanying notes to the basic financial statements



**North Royalton City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest		Capital Grants and Contributions
<b>Governmental Activities</b>					
Instruction:					
Regular	\$21,558,320	\$418,480	\$100,741	\$45,128	(\$20,993,971)
Special	4,835,486	0	84,621	0	(4,750,865)
Vocational	194,028	0	0	0	(194,028)
Support Services:					
Pupil	2,490,528	0	59,614	0	(2,430,914)
Instructional Staff	2,974,945	0	855,437	0	(2,119,508)
Board of Education	38,657	0	0	0	(38,657)
Administration	3,574,520	0	47,564	0	(3,526,956)
Fiscal	1,048,878	0	8,014	0	(1,040,864)
Business	325,633	0	0	0	(325,633)
Operation and Maintenance of Plant	4,002,858	68,309	50,951	0	(3,883,598)
Pupil Transportation	3,540,389	0	0	30,189	(3,510,200)
Central	578,689	0	0	0	(578,689)
Operation of Non-Instructional Services	856,858	0	731,247	0	(125,611)
Operation of Food Services	1,492,421	1,170,607	197,910	0	(123,904)
Extracurricular Activities	975,997	245,313	24,190	0	(706,494)
Interest and Fiscal Charges	1,131,121	0	0	0	(1,131,121)
<b>Totals</b>	<b>\$49,619,328</b>	<b>\$1,902,709</b>	<b>\$2,160,289</b>	<b>\$75,317</b>	<b>(45,481,013)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
					31,273,337
					2,558,605
					998,619
					10,435,570
					814,931
					358,462
					179,473
					<u>46,618,997</u>
					1,137,984
					<u>16,294,534</u>
					<u>\$17,432,518</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2008*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$6,744,195	\$2,676,525	\$1,250,644	\$10,671,364
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	728	0	0	728
Property Taxes Receivable	31,287,489	2,197,972	996,229	34,481,690
Accounts Receivable	4,632	0	0	4,632
Accrued Interest Receivable	35,526	0	0	35,526
Intergovernmental Receivable	14,368	0	25,739	40,107
Interfund Receivable	950	763,940	0	764,890
Materials and Supplies Inventory	97,319	0	0	97,319
<i>Total Assets</i>	<u>\$38,185,207</u>	<u>\$5,638,437</u>	<u>\$2,272,612</u>	<u>\$46,096,256</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$152,580	\$0	\$118,601	\$271,181
Contracts Payable	24,396	0	117,861	142,257
Accrued Wages and Benefits	3,662,749	0	46,095	3,708,844
Interfund Payable	0	0	764,890	764,890
Intergovernmental Payable	1,358,040	0	48,090	1,406,130
Matured Compensated Absences Payable	130,495	0	0	130,495
Deferred Revenue	27,292,979	1,874,680	866,913	30,034,572
Accrued Interest Payable	0	0	19,261	19,261
<i>Total Liabilities</i>	<u>32,621,239</u>	<u>1,874,680</u>	<u>1,981,711</u>	<u>36,477,630</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	503,389	0	252,521	755,910
Reserved for Property Taxes	3,998,405	322,452	128,980	4,449,837
Reserved for Bus Purchase	728	0	0	728
Unreserved:				
Undesignated, Reported in:				
General Fund	1,061,446	0	0	1,061,446
Special Revenue Funds	0	0	369,398	369,398
Debt Service Fund	0	3,441,305	0	3,441,305
Capital Projects Funds (Deficit)	0	0	(459,998)	(459,998)
<i>Total Fund Balances</i>	<u>5,563,968</u>	<u>3,763,757</u>	<u>290,901</u>	<u>9,618,626</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$38,185,207</u>	<u>\$5,638,437</u>	<u>\$2,272,612</u>	<u>\$46,096,256</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities*  
 June 30, 2008

<b>Total Governmental Fund Balances</b>	<b>\$9,618,626</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,932,117
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	1,899,713
Tuition and Fees	<u>14,368</u>
Total	1,914,081
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	152,242
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds, a bond issuance expenditure is reported when bonds are issued.	151,138
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(173,004)
Vacation Benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(146,464)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(3,099,892)
General Obligation Bonds	<u>(16,916,326)</u>
Total	<u>(20,016,218)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$17,432,518</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2008*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$30,704,657	\$2,520,088	\$980,274	\$34,205,019
Intergovernmental	10,036,142	297,272	2,223,421	12,556,835
Interest	809,977	0	10,966	820,943
Tuition and Fees	293,650	0	29,242	322,892
Extracurricular Activities	22,060	0	219,861	241,921
Contributions and Donations	0	0	108,329	108,329
Charges for Services	0	0	1,278,303	1,278,303
Rentals	51,588	0	10,900	62,488
Miscellaneous	167,845	0	11,628	179,473
<i>Total Revenues</i>	<u>42,085,919</u>	<u>2,817,360</u>	<u>4,872,924</u>	<u>49,776,203</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	20,158,229	0	249,166	20,407,395
Special	4,648,069	0	87,110	4,735,179
Vocational	179,747	0	0	179,747
Support Services:				
Pupil	2,405,571	0	63,659	2,469,230
Instructional Staff	2,083,079	0	845,694	2,928,773
Board of Education	38,657	0	0	38,657
Administration	3,245,513	0	46,996	3,292,509
Fiscal	985,873	32,928	7,910	1,026,711
Business	317,103	0	0	317,103
Operation and Maintenance of Plant	3,595,814	0	43,098	3,638,912
Pupil Transportation	3,029,463	0	0	3,029,463
Central	557,250	0	0	557,250
Operation of Non-Instructional Services	79,362	0	836,586	915,948
Operation of Food Services	0	0	1,408,263	1,408,263
Extracurricular Activities	717,162	0	249,851	967,013
Capital Outlay	0	0	1,828,259	1,828,259
Debt Service:				
Principal Retirement	0	1,241,594	0	1,241,594
Interest and Fiscal Charges	0	597,271	31,224	628,495
Capital Appreciation Bonds Interest	0	728,406	0	728,406
<i>Total Expenditures</i>	<u>42,040,892</u>	<u>2,600,199</u>	<u>5,697,816</u>	<u>50,338,907</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>45,027</u>	<u>217,161</u>	<u>(824,892)</u>	<u>(562,704)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	3,000	0	273,433	276,433
Transfers In	0	0	147,000	147,000
Transfers Out	(147,000)	0	0	(147,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(144,000)</u>	<u>0</u>	<u>420,433</u>	<u>276,433</u>
<i>Net Change in Fund Balances</i>	(98,973)	217,161	(404,459)	(286,271)
<i>Fund Balances Beginning of Year</i>	<u>5,662,941</u>	<u>3,546,596</u>	<u>695,360</u>	<u>9,904,897</u>
<i>Fund Balances End of Year</i>	<u>\$5,563,968</u>	<u>\$3,763,757</u>	<u>\$290,901</u>	<u>\$9,618,626</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2008*

---

**Net Change in Fund Balances - Total Governmental Funds** (\$286,271)

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

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

This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlay	1,316,289
Depreciation	<u>(1,714,577)</u>

Total (398,288)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (40,924)

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

Property Taxes	625,542
Tuition and Fees	<u>(2,895)</u>

Total 622,647

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,970,000

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

Accrued Interest on Bonds	107
Amortization of Issuance Costs	(14,509)
Amortization of Premium on Bonds	155,175
Amortization of Accounting Loss	(140,551)
Bond Accretion	<u>(502,848)</u>

Total (502,626)

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

Compensated Absences	(214,143)
Vacation Benefits Payable	<u>(18,874)</u>

Total (233,017)

The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statements of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 6,463

*Change in Net Assets of Governmental Activities* \$1,137,984

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$30,443,874	\$30,180,520	\$30,214,406	\$33,886
Intergovernmental	10,123,717	10,036,142	10,036,142	0
Interest	806,759	799,780	805,929	6,149
Tuition and Fees	296,212	293,650	293,650	0
Extracurricular Activities	22,252	22,060	22,060	0
Rentals	51,585	51,139	51,139	0
Miscellaneous	169,310	167,845	167,845	0
<i>Total Revenues</i>	<u>41,913,709</u>	<u>41,551,136</u>	<u>41,591,171</u>	<u>40,035</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	20,375,487	20,375,487	20,268,558	106,929
Special	4,996,156	4,996,156	4,915,850	80,306
Vocational	182,316	182,316	180,167	2,149
Support Services:				
Pupil	2,431,122	2,431,122	2,406,835	24,287
Instructional Staff	2,234,123	2,234,123	2,103,144	130,979
Board of Education	39,622	39,622	39,300	322
Administration	3,219,857	3,219,857	3,205,778	14,079
Fiscal	993,971	993,971	980,930	13,041
Business	315,704	315,704	314,531	1,173
Operation and Maintenance of Plant	3,774,415	3,774,415	3,659,480	114,935
Pupil Transportation	3,129,425	3,129,425	3,105,769	23,656
Central	602,064	602,064	599,012	3,052
Operation of Non-Instructional Services	80,497	80,497	78,908	1,589
Extracurricular Activities	721,201	721,201	716,722	4,479
<i>Total Expenditures</i>	<u>43,095,960</u>	<u>43,095,960</u>	<u>42,574,984</u>	<u>520,976</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,182,251)</u>	<u>(1,544,824)</u>	<u>(983,813)</u>	<u>561,011</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	3,026	3,000	3,000	0
Advances In	765	758	758	0
Advances Out	(950)	(950)	(950)	0
Transfers Out	(147,000)	(147,000)	(147,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(144,159)</u>	<u>(144,192)</u>	<u>(144,192)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,326,410)</u>	<u>(1,689,016)</u>	<u>(1,128,005)</u>	<u>561,011</u>
<i>Fund Balance Beginning of Year</i>	6,169,362	6,169,362	6,169,362	0
Prior Year Encumbrances Appropriated	878,910	878,910	878,910	0
<i>Fund Balance End of Year</i>	<u>\$5,721,862</u>	<u>\$5,359,256</u>	<u>\$5,920,267</u>	<u>\$561,011</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2008*

---

---

	<u>Self Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$164,465
<b>Liabilities</b>	
Claims Payable	<u>12,223</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$152,242</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2008*

	<u>Self Insurance</u>
<b>Operating Revenues</b>	
Charges for Services	\$152,551
<b>Operating Expenses</b>	
Purchased Services	24,384
Claims	121,704
<i>Total Operating Expenses</i>	146,088
<i>Change in Net Assets</i>	6,463
<i>Net Assets Beginning of Year</i>	145,779
<i>Net Assets End of Year</i>	\$152,242

See accompanying notes to the basic financial statements



**North Royalton City School District**  
*Statement of Cash Flows*  
*Internal Service Fund*  
For the Fiscal Year Ended June 30, 2008

	<u>Self Insurance</u>
<i><b>Increase (Decrease) in Cash and Cash Equivalents</b></i>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$152,551
Cash Payments for Purchased Services	(24,384)
Cash Payments for Claims	(120,852)
<i>Net Increase in Cash and Cash Equivalents</i>	7,315
<i>Cash and Cash Equivalents Beginning of Year</i>	157,150
<i>Cash and Cash Equivalents End of Year</i>	\$164,465
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$6,463
Adjustments:	
Increase in Claims Payable	852
<i>Net Cash Provided by Operating Activities</i>	\$7,315
 See accompanying notes to the basic financial statements	

**North Royalton City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2008*

---

---

<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$18,487,663
Accrued Interest Receivable	70,202
	<hr/>
<i>Total Assets</i>	<u><u>\$18,557,865</u></u>
 <b>Liabilities</b>	
Due to Students	\$297,278
Undistributed Monies	18,260,587
	<hr/>
<i>Total Liabilities</i>	<u><u>\$18,557,865</u></u>

See accompanying notes to the basic financial statements

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

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

North Royalton 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 is located in a suburban area south of Cleveland, Ohio. It is located in Cuyahoga County and encompasses nearly all of the City of North Royalton and a smaller portion of the City of Broadview Heights. It is staffed by 256 classified employees and 322 certified personnel who provide services to 4,701 students and other community members. The School District currently operates three elementary buildings, one middle school, one high school, an administrative building, a maintenance garage and a bus garage.

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

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

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

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

The School District participates in three jointly governed organizations and a shared risk pool. These organizations are the Lakeshore Northeast Ohio Computer Association, Cuyahoga Valley Career Center, Ohio Schools Council Association and the Suburban Health Consortium which are presented in Notes 16 and 18 to the basic financial statements.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

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

The financial statements of North Royalton City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

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

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

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

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

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

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

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

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

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

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

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

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

### **C. Measurement Focus**

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

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

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

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

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

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008*

---

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

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

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

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

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

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

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

During fiscal year 2008, investments were limited to federal home loan mortgage corporation bonds, federal home loan bank bonds, commercial paper, federal national mortgage association bonds and STAROhio, the State Treasurer's Investment Pool. Investments are reported at fair value which is based on quoted market prices.

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, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$809,977, which includes \$330,278 assigned from other School District funds.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

---

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

***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

***H. Inventory***

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

***I. Restricted Assets***

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

***J. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	15 - 20 years
Buildings and Improvements	40 years
Furniture and Equipment	5 - 15 years
Vehicles	10 years



**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

***K. Interfund Balances***

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

***L. Compensated Absences***

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

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

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

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

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

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

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

***N. Net Assets***

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

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

***O. Fund Balance Reserves***

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

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

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

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

***Q. Bond Issuance Costs***

Bond issuance costs for underwriting fees and bond insurance for the school improvement general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method. On the governmental financial statements, issuance costs are reported as an expenditure in the fiscal year in which the bonds are issued. Bond issuance costs are generally paid from bond proceeds.

***R. Deferred Loss on Refunding***

The difference between the reacquisition price (funds required to refund the old debt) of the school improvement bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the life of the new debt or the remaining life of the refunded debt (whichever is shorter) and is presented net of the general obligation bonds payable on the statement of net assets.

***S. Internal Activity***

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

### ***T. Extraordinary and Special Items***

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

### ***U. Estimates***

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

### **Note 3 – Change in Accounting Principles**

For fiscal year 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The implementation of this statement did not result in any change to the financial statements. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and STRS post-employment healthcare plans in the amounts of \$97,795 and \$35,132, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

### **Note 4 - Budgetary Basis of Accounting**

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

**North Royalton City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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

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

Net Change in Fund Balance	
GAAP Basis	(\$98,973)
Net Adjustment for Revenue Accruals	(524,795)
Advances In	758
Beginning Fair Value Adjustment for Investments	73,628
Ending Fair Value Adjustment for Investments	(43,581)
Net Adjustment for Expenditure Accruals	246,983
Advances Out	(950)
Encumbrances	<u>(781,075)</u>
Budget Basis	<u><u>(\$1,128,005)</u></u>

**Note 5 - Deposits and Investments**

Monies held by the School District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current 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.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

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.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of 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, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$12,058,987 of the School District's bank balance of \$12,358,987 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

## North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

---

### Investments

As of June 30, 2008, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal Home Loan Mortgage Corporation Bonds	\$4,998,882	February 12, 2010
Federal Home Loan Bank Bonds	3,174,444	June 11, 2010
Commercial Paper	6,951,163	September 30, 2008
Federal National Mortgage Association Bonds	500,788	August 15, 2008
STAROhio	1,476,802	Average 53.8 days
Total	<u>\$17,102,079</u>	

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** The Federal Home Loan Mortgage Corporation Bonds, the Federal Home Loan Bank Bonds, Commercial Paper and the Federal National Mortgage Association Bonds carry a rating of AAA by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

**Concentration of Credit Risk** The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2008:

<u>Investment</u>	<u>Percentage of Investments</u>
Federal Home Loan Mortgage Corporation Bonds	29.23 %
Federal Home Loan Bank Bonds	18.56
Commercial Paper	40.64
Federal National Mortgage Association Bonds	2.93
STAROhio	8.64

### Note 6 – Fund Deficits

The preschool grant special revenue fund's deficit of \$220 resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

The building capital projects fund's deficit of \$782,896 is the result of the issuance of short-term bond anticipation notes which are used to finance the project until bonds are issued. The notes were purchased by the bond retirement fund and are reflected as an interfund payable on the fund financial statements. Once the notes are retired or bonds are issued, this deficit will be eliminated.

### **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 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, 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 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. 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; however this year the settlement was late.

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, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the late settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

The amount available as an advance at June 30, 2008 was \$3,998,405 in the general fund, \$322,452 in the bond retirement debt service fund, and \$128,980 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2007 was \$3,499,791 in the general fund, \$304,820 in the bond retirement debt service fund, and \$112,896 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$1,049,162,790	96.20 %	\$1,067,608,740	98.04 %
Public Utility Personal	17,952,160	1.65	14,318,510	1.31
Tangible Personal Property	23,533,932	2.15	7,052,513	0.65
<b>Total</b>	<u>\$1,090,648,882</u>	<u>100.00 %</u>	<u>\$1,088,979,763</u>	<u>100.00 %</u>
 Tax rate per \$1,000 of assessed valuation	 \$59.80		 \$59.60	

**Note 8 - Receivables**

Receivables at June 30, 2008, consisted of taxes, tuition, and rentals. 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 except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivable</u>	<u>Amount</u>
Food Service	\$25,739
Tuition	14,368
<b>Total</b>	<u>\$40,107</u>



**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

**Note 9 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/08</u>
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$478,111	\$82,029	\$0	\$560,140
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	1,708,442	0	0	1,708,442
Buildings and Improvements	40,034,005	645,794	0	40,679,799
Furniture and Equipment	5,900,616	207,996	(266,290)	5,842,322
Vehicles	3,899,820	380,470	(203,660)	4,076,630
<b><i>Total Capital Assets being Depreciated</i></b>	<u>51,542,883</u>	<u>1,234,260</u>	<u>(469,950)</u>	<u>52,307,193</u>
Less Accumulated Depreciation:				
Land Improvements	(1,191,232)	(63,565)	0	(1,254,797)
Buildings and Improvements	(17,851,470)	(926,922)	0	(18,778,392)
Furniture and Equipment	(4,289,241)	(430,253)	266,290	(4,453,204)
Vehicles	(2,317,722)	(293,837)	162,736	(2,448,823)
<b><i>Total Accumulated Depreciation</i></b>	<u>(25,649,665)</u>	<u>(1,714,577) *</u>	<u>429,026</u>	<u>(26,935,216)</u>
<b><i>Total Assets being Depreciated, Net</i></b>	<u>25,893,218</u>	<u>(480,317)</u>	<u>(40,924)</u>	<u>25,371,977</u>
<b><i>Governmental Activities</i></b>				
<i>Capital Assets, Net</i>	<u>\$26,371,329</u>	<u>(\$398,288)</u>	<u>(\$40,924)</u>	<u>\$25,932,117</u>

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

Instruction:	
Regular	\$718,192
Special	110,864
Vocational	11,281
Support Services:	
Pupil	40,468
Instructional Staff	27,023
Administration	213,305
Fiscal	3,679
Business	1,080
Operation and Maintenance of Plant	139,656
Pupil Transportation	273,477
Central	14,011
Operation of Non-Instructional Services	49,627
Operation of Food Service	78,272
Extracurricular Activities	33,642
<b>Total Depreciation Expense</b>	<u><u>\$1,714,577</u></u>

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

**Note 10 - Pension Plans**

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

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 43215-3746.

Funding Policy - 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 2008, 9.16 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$597,360, \$616,758, and \$578,207, respectively; 51.69 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 43215-3771, by calling (614) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

A DB or Combined Plan member with five or more years of 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2008, 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. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$2,723,210, \$2,602,354, and \$2,434,952, respectively; 82.91 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$31,324 made by the School District and \$104,048 made by the plan members.

### **Note 11 - Postemployment Benefits**

#### ***A. School Employee Retirement System***

Plan Description - The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount, for 2008, this amount was \$130,428.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$272,594, \$204,764, and \$201,783 respectively; 51.69 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008*

---

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$43,041, \$41,940, and \$46,021 respectively; 51.69 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

**Plan Description** – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007 and 2006 were \$209,478, \$200,181, and \$187,304 respectively; 82.91 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

## **Note 12 - Other Employee Benefits**

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

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

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

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

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

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

**Note 13 – Interfund Transaction**

***A. Interfund Transfers***

The general fund made a \$40,000 transfer to the athletics and music special revenue fund to help provide funding for fiscal year 2008.

The general fund made a \$107,000 transfer to the building capital projects fund to pay down a portion of the manuscript note.

***B. Interfund Balance***

On the fund financial statements the general fund and the debt service fund reported an interfund receivable at June 30, 2008 of \$509,890 and \$255,000, respectively. The title v and drug-free schools special revenue funds had an interfund payable of \$50 and \$900, respectively. The building capital projects fund had an interfund payable of \$763,940. The loans to the special revenue funds were made to provide temporary funding of the programs until grant dollars are received. The interfund transaction between the debt service fund and the building capital projects fund are manuscript notes. The manuscript notes consist of various improvement and energy conservation notes and they were issued by the School District and purchased by the debt service fund as an investment. The manuscript notes will be paid on July 10, 2008 and May 21, 2009.

Changes in manuscript notes of the School District during fiscal year 2008 were as follows:

	Outstanding June 30, 2007	Additions	Deletions	Outstanding June 30, 2008
Manuscript Note - Various Improvement	\$362,000	\$255,000	\$362,000	\$255,000
Manuscript Note - Energy Conservation	0	508,940	0	508,940
<i>Total Manuscript Notes</i>	<u>\$362,000</u>	<u>\$763,940</u>	<u>\$362,000</u>	<u>\$763,940</u>

**Note 14 - Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
1993 School Improvement Bonds:			
Current Issue Term Bonds	5.65%	\$2,040,000	2008
1994 School Improvement Bonds:			
Capital Appreciation Bonds	9.50%	810,715	2008 to 2010
Current Issue Term Bonds	6.00% to 6.625%	16,410,000	2006 to 2007
2005 School Improvement Bonds:			
Current Interest Serial Bonds	3.00% to 5.00%	14,145,000	2006 to 2020
Capital Appreciation Bonds	3.50% to 3.71%	279,974	2011 to 2012

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

Changes in long-term obligations of the School District during fiscal year 2008 were as follows:

	Principal Outstanding 6/30/07	Additions	Deductions	Principal Outstanding 6/30/08	Amounts Due in One Year
<b>General Obligation Bonds</b>					
1993 School Improvement Bonds					
Current Interest Term Bonds	\$1,390,000	\$0	\$685,000	\$705,000	\$705,000
1994 School Improvement Bonds					
Capital Appreciation Bonds	810,715	0	296,594	514,121	268,984
Accretion on Capital Appreciation Bonds	1,885,017	205,231	728,406	1,361,842	751,016
Total 1994 School Improvement Bonds	2,695,732	205,231	1,025,000	1,875,963	1,020,000
2005 School Improvement Bonds					
Current Interest Serial Bonds	13,485,000	0	260,000	13,225,000	270,000
Capital Appreciation Bonds	279,974	0	0	279,974	0
Accretion on Capital Appreciation Bonds	380,441	297,617	0	678,058	0
Unamortized Loss	(1,604,623)	0	(140,551)	(1,464,072)	0
Unamortized Premium	1,771,578	0	155,175	1,616,403	0
Total 2005 School Improvement Bonds	14,312,370	297,617	274,624	14,335,363	270,000
<i>Total General Obligation Bonds</i>	18,398,102	502,848	1,984,624	16,916,326	1,995,000
<b>Other Long-Term Obligations</b>					
Compensated Absences	2,885,749	445,985	231,842	3,099,892	130,495
<i>Total Governmental Activities Long-Term Liabilities</i>	\$21,283,851	\$948,833	\$2,216,466	\$20,016,218	\$2,125,495

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

On December 1, 1993, the School District issued \$6,749,994 in voted general obligation refunded bonds which included serial, term and capital appreciation bonds in the amounts of \$3,600,000, \$2,040,000 and \$1,109,994, respectively. The general obligation bonds were issued for the purpose of refunding the 1988 building improvement bonds to take advantage of lower interest rates. The bonds were issued for a fifteen year period with final maturity at December 1, 2008. The bonds will be retired from the debt service fund.

At June 30, 2008 the full amount of the serial and capital appreciation bonds had been retired by the School District through annual debt service repayments

The current issue term bonds remained outstanding at June 30, 2008. The current issue term bonds will be fully repaid in fiscal year 2009.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

On December 1, 1994, the School District issued \$23,995,715 in voted general obligation bonds which included serial, term and capital appreciation bonds in the amount of \$6,775,000, \$16,410,000 and \$810,715, respectively. The general obligation bonds were issued for the purpose of building a new middle school. The bonds were issued for a twenty-five year period with final maturity at December 1, 2020. The bonds will be retired from the debt service fund.

At June 30, 2008, the full amount of the serial and current interest term bonds had been retired by the School District through annual debt service repayments.

The capital appreciation bonds remained outstanding at June 30, 2008. The capital appreciation bonds were originally sold at a discount of \$2,254,285, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2008 through 2010.

The maturity amount of outstanding capital appreciation bonds at June 30, 2008 is \$2,040,000. The accretion recorded for 2008 was \$205,231, for a total outstanding bond liability of \$1,875,963 at June 30, 2008.

On March 17, 2005, the School District issued \$14,424,974 in voted general obligation refunding bonds which included serial and capital appreciation bonds in the amount of \$14,145,000 and \$279,974, respectively. The general obligation bonds were issued for the purpose of refunding a portion of the 1994 school improvement bonds to take advantage of lower interest rates. The bonds were issued for a twenty-five year period with final maturity at December 1, 2019. The bonds will be retired from the debt service fund.

The serial and capital appreciation bonds remained outstanding at June 30, 2008. The capital appreciation bonds were originally sold at a discount of \$2,480,026, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2011 through 2012.

The maturity amount of outstanding capital appreciation bonds at June 30, 2008 is \$2,760,000. The accretion recorded for 2008 was \$297,617, for a total outstanding bond liability of \$958,032 at June 30, 2008.

The School District's overall debt margin was \$86,139,776 with an unvoted debt margin of \$1,078,890 at June 30, 2008. Principal and interest requirements to retire the general obligation bonds follow:

	General Obligation Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$705,000	\$19,916	\$270,000	\$530,138	\$268,984	\$751,016
2010	0	0	280,000	521,888	245,137	774,863
2011	0	0	0	517,688	165,697	1,214,303
2012	0	0	0	517,688	114,277	1,265,723
2013	0	0	1,380,000	493,538	0	0
2014-2018	0	0	7,720,000	1,593,906	0	0
2019-2023	0	0	3,575,000	144,500	0	0
<b>Total</b>	<b>\$705,000</b>	<b>\$19,916</b>	<b>\$13,225,000</b>	<b>\$4,319,346</b>	<b>\$794,095</b>	<b>\$4,005,905</b>

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

In 2005, the School District defeased a 1994 school improvement bond issue, in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District’s financial statements. On June 30, 2008, \$14,939,121 of the defeased bonds are still outstanding.

**Note 15 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted with various insurance companies through the Ohio Schools Council Association insurance program. The following is a summary of the School District’s insurance coverage as of June 30, 2008:

<u>Company</u>	<u>Coverage</u>	<u>Amount</u>
Travelers Insurance Company	Boiler and Machinery	\$30,000,000
Indiana Insurance Company	Buildings and Contents - replacement costs	95,546,031
	Inland Marine Coverage	3,753,151
	Crime Insurance	250,000
	Automobile Liability	1,000,000
	Uninsured Motorists	50,000
	General Liability	
	Per occurrence	1,000,000
	Total per year	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

All employees of the School District are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage.

***B. Employee Health Benefits***

For fiscal 2008, the School District was a participant in the Suburban Health Consortium (the “Consortium”) to provide employee health, dental and prescription drug benefits. The Consortium is administered by Medical Mutual. Payments are made to the Consortium for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal agent of the Consortium is the North Royalton City School District. The Treasurer of the North Royalton City School District pays monthly for the actual amount of claims processed, the stop-loss premium and the administrative charges. The entire risk of loss transfers to the Consortium upon payment of the premiums.



**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

The School District's portion of the monthly insurance premiums is as follows:

	Board Share of Premium			
	Select Plan		Classic Plan	
	Family	Single	Family	Single
Medical	\$727.81	\$291.12	\$1,034.29	\$413.71
Prescription Drug	213.73	85.49	213.73	85.49
Dental	104.50	44.78	104.50	44.78

**C. Self-Insurance**

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

The claims liability of \$12,223 reported in the internal service fund at June 30, 2008 is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 2007 and 2008 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2007	\$15,517	\$116,193	\$120,339	\$11,371
2008	11,371	121,704	120,852	12,223

**D. Workers' Compensation**

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

**Note 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 eleven public school districts. The primary function of LNOCA is to provide data services to the thirteen member districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the LNOCA Board of Directors by its superintendent. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Director. Each school district supports LNOCA based upon a per student charge dependent upon the software package used. The School District paid \$140,919 for fiscal year 2008. The Cuyahoga County Education Service Center serves as the fiscal agent of LNOCA. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valleyview, OH 44125.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

***Cuyahoga Valley Career Center*** - The Cuyahoga Valley Career Center is a joint vocational school which is a jointly governed organization among eleven school districts. Each participating school district appoints one board member to the Cuyahoga Valley Career Center's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Cuyahoga Valley Career Center is limited to representation on the board. Continued existence of the Cuyahoga Valley Career Center is not dependent on the School District's continued participation. The School District made a contribution of \$100 for fiscal year 2008. Financial information can be obtained from the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio 44101.

***Ohio Schools Council Association*** - The Ohio Schools Council Association (Council) is a jointly governed organization among 121 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2008, the School District paid \$6,328 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The Council provides participating school districts the ability to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. There are currently 137 districts in the Program including the North Royalton City School District. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

The School District also participates in the Council's electric purchase program. The Council provides 238 school districts and 11 MR/DD boards in the First Energy territory (Cleveland Electric Illuminating, Ohio Edison, Toledo Edison) the ability to purchase electricity at reduced rates if the school district committed to participating in either a thirty-six month (Cleveland Electric Illuminating Company) or a forty-four month (Ohio Edison and Toledo Edison) program beginning either May 1, 2005 or January 1, 2006 and ending December 31, 2008. Each month, the Council invoices participants based on estimated usage that was determined when the program was established. Each September, these estimated payments are compared to their actual usage for the year (July to June). Refund checks are issued to districts that consumed less than their projected usage of electrical energy and districts that over-consumed are invoiced.

### **Note 17 - Contingencies**

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

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

---

claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

### ***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 18 – Shared Risk Pool**

The Suburban Health Consortium (“the Consortium”) is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors are the governing body of the Consortium. The Board of Education of each Consortium Member appoints its Superintendent or such Superintendent’s designee to be its representative on the Board of Directors. The officers of the Board of Directors consist of a Chairman, Vice-Chairman and Recording Secretary, who are elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors. The Board of Directors also set all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors have the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (North Royalton City School District). The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement.

Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal. Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months’ premiums at the Consortium Member’s current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from the Treasurer of the North Royalton City School District (the Fiscal Agent) at 6579 Royalton Road, North Royalton, Ohio 44133.

The School District serves as fiscal agent and custodian of the Consortium, but is not financially accountable for the Consortium; therefore the operations of the Consortium have been excluded from the School District's financial statements but the funds held on behalf of the Consortium are included as an agency fund.

**Note 19 - Set-Aside Calculations**

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

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

	Textbooks	Capital Improvements
Set-aside Reserve Balance as of June 30, 2007	(\$824,412)	\$0
Current Year Set-aside Requirement	703,770	703,770
Qualifying Disbursements	(982,340)	(1,394,103)
Totals	<u>(\$1,102,982)</u>	<u>(\$690,333)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$1,102,982)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2008	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the textbook and capital acquisition set-asides. The extra amount in the textbook set-aside may be used to reduce the set-aside requirement of future years. The extra amount in the capital acquisition set-aside 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 20 – Subsequent Event**

The School District issued \$435,940 energy conservation notes at 2.50 percent on July 9, 2008. These notes mature on July 9, 2009 and were issued to refinance previous energy conservation notes. These notes were purchased by the bond retirement debt service fund as an investment.

**Combining and Individual  
Fund Statements and Schedules**

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

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

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

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

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

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

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

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

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

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

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

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

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

***Miscellaneous State Grants Fund*** – To account for State monies used to support academic and enrichment programs for the student body.

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

(continued)

## Combining Statements – Nonmajor Governmental Funds (continued)

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

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

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

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

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

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

### *Nonmajor Capital Projects Funds*

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

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

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

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

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$592,152	\$658,492	\$1,250,644
Property Taxes Receivable	0	996,229	996,229
Intergovernmental Receivable	25,739	0	25,739
<i>Total Assets</i>	<u>\$617,891</u>	<u>\$1,654,721</u>	<u>\$2,272,612</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$99,153	\$19,448	\$118,601
Contracts Payable	0	117,861	117,861
Accrued Wages and Benefits	46,095	0	46,095
Interfund Payable	950	763,940	764,890
Intergovernmental Payable	48,090	0	48,090
Deferred Revenue	0	866,913	866,913
Accrued Interest Payable	0	19,261	19,261
<i>Total Liabilities</i>	<u>194,288</u>	<u>1,787,423</u>	<u>1,981,711</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	54,205	198,316	252,521
Reserved for Property Taxes	0	128,980	128,980
Unreserved, Undesignated Reported in:			
Special Revenue Funds	369,398	0	369,398
Capital Projects Funds (Deficit)	0	(459,998)	(459,998)
<i>Total Fund Balances</i>	<u>423,603</u>	<u>(132,702)</u>	<u>290,901</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$617,891</u>	<u>\$1,654,721</u>	<u>\$2,272,612</u>



**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$0	\$980,274	\$980,274
Intergovernmental	2,045,948	177,473	2,223,421
Interest	10,966	0	10,966
Tuition and Fees	29,242	0	29,242
Extracurricular Activities	219,861	0	219,861
Contributions and Donations	108,329	0	108,329
Charges for Services	1,278,303	0	1,278,303
Rentals	900	10,000	10,900
Miscellaneous	11,628	0	11,628
<i>Total Revenues</i>	<u>3,705,177</u>	<u>1,167,747</u>	<u>4,872,924</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	249,166	0	249,166
Special	87,110	0	87,110
Support Services:			
Pupil	63,659	0	63,659
Instructional Staff	845,694	0	845,694
Administration	46,996	0	46,996
Fiscal	7,910	0	7,910
Operation and Maintenance of Plant	43,098	0	43,098
Operation of Non-Instructional Services	836,586	0	836,586
Operation of Food Services	1,408,263	0	1,408,263
Extracurricular Activities	249,851	0	249,851
Capital Outlay	18,800	1,809,459	1,828,259
Debt Service:			
Interest and Fiscal Charges	0	31,224	31,224
<i>Total Expenditures</i>	<u>3,857,133</u>	<u>1,840,683</u>	<u>5,697,816</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(151,956)</u>	<u>(672,936)</u>	<u>(824,892)</u>
<b>Other Financing Sources</b>			
Sale of Capital Assets	0	273,433	273,433
Transfers In	40,000	107,000	147,000
<i>Total Other Financing Sources</i>	<u>40,000</u>	<u>380,433</u>	<u>420,433</u>
<i>Net Change in Fund Balances</i>	(111,956)	(292,503)	(404,459)
<i>Fund Balances Beginning of Year</i>	<u>535,559</u>	<u>159,801</u>	<u>695,360</u>
<i>Fund Balances End of Year</i>	<u>\$423,603</u>	<u>(\$132,702)</u>	<u>\$290,901</u>

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2008*

	Food Service	Scholarship	Adult Education	Public School Support
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$96,389	\$3,700	\$59,968	\$75,219
Intergovernmental Receivable	25,739	0	0	0
<i>Total Assets</i>	<u>\$122,128</u>	<u>\$3,700</u>	<u>\$59,968</u>	<u>\$75,219</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$605	\$0	\$0	\$0
Accrued Wages and Benefits	34,849	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	26,359	0	256	0
<i>Total Liabilities</i>	<u>61,813</u>	<u>0</u>	<u>256</u>	<u>0</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	1,152	500	230	5,246
Unreserved, Undesignated (Deficit)	59,163	3,200	59,482	69,973
<i>Total Fund Balances (Deficit)</i>	<u>60,315</u>	<u>3,700</u>	<u>59,712</u>	<u>75,219</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$122,128</u>	<u>\$3,700</u>	<u>\$59,968</u>	<u>\$75,219</u>

<u>Local Grants</u>	<u>Athletics and Music</u>	<u>Auxiliary Services</u>	<u>Educational Management Information Systems</u>	<u>Network Connectivity</u>
\$42,232	\$90,419	\$103,279	\$6,366	\$5,616
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$42,232</u>	<u>\$90,419</u>	<u>\$103,279</u>	<u>\$6,366</u>	<u>\$5,616</u>
\$4,444	\$0	\$78,457	\$0	\$1,150
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>648</u>	<u>0</u>	<u>0</u>
<u>4,444</u>	<u>0</u>	<u>79,105</u>	<u>0</u>	<u>1,150</u>
4,535	16,739	19,961	0	0
<u>33,253</u>	<u>73,680</u>	<u>4,213</u>	<u>6,366</u>	<u>4,466</u>
<u>37,788</u>	<u>90,419</u>	<u>24,174</u>	<u>6,366</u>	<u>4,466</u>
<u>\$42,232</u>	<u>\$90,419</u>	<u>\$103,279</u>	<u>\$6,366</u>	<u>\$5,616</u>

(continued)

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2008*

	SchoolNet Professional Development	Title VI-B	Immigrant Education	Title V
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,727	\$89,159	\$2,189	\$1,305
Intergovernmental Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$1,727</u></u>	<u><u>\$89,159</u></u>	<u><u>\$2,189</u></u>	<u><u>\$1,305</u></u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$8,808	\$1,000	\$1,195
Accrued Wages and Benefits	0	11,246	0	0
Interfund Payable	0	0	0	50
Intergovernmental Payable	<u>0</u>	<u>19,517</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>0</u>	<u>39,571</u>	<u>1,000</u>	<u>1,245</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	0	2,278	589	96
Unreserved, Undesignated (Deficit)	<u>1,727</u>	<u>47,310</u>	<u>600</u>	<u>(36)</u>
<i>Total Fund Balances (Deficit)</i>	<u>1,727</u>	<u>49,588</u>	<u>1,189</u>	<u>60</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$1,727</u></u>	<u><u>\$89,159</u></u>	<u><u>\$2,189</u></u>	<u><u>\$1,305</u></u>

Drug Free Schools Grant	Preschool Grant	Class Size Reduction Grant	Total Nonmajor Special Revenue Funds
\$2,109	\$302	\$12,173	\$592,152
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,739</u>
<u>\$2,109</u>	<u>\$302</u>	<u>\$12,173</u>	<u>\$617,891</u>
\$1,200	\$0	\$2,294	\$99,153
0	0	0	46,095
900	0	0	950
<u>0</u>	<u>522</u>	<u>788</u>	<u>48,090</u>
<u>2,100</u>	<u>522</u>	<u>3,082</u>	<u>194,288</u>
892	0	1,987	54,205
<u>(883)</u>	<u>(220)</u>	<u>7,104</u>	<u>369,398</u>
<u>9</u>	<u>(220)</u>	<u>9,091</u>	<u>423,603</u>
<u>\$2,109</u>	<u>\$302</u>	<u>\$12,173</u>	<u>\$617,891</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2008*

	Food Service	Scholarship	Adult Education	Public School Support	Local Grants
<b>Revenues</b>					
Intergovernmental	\$193,034	\$0	\$0	\$0	\$6,250
Interest	6,012	0	0	0	0
Tuition and Fees	0	0	23,611	3,139	0
Extracurricular Activities	0	0	0	0	0
Contributions and Donations	0	2,000	0	33,857	48,282
Charges for Services	1,177,328	0	0	100,975	0
Rentals	0	0	0	0	0
Miscellaneous	0	0	5,944	2,684	3,000
<i>Total Revenues</i>	<u>1,376,374</u>	<u>2,000</u>	<u>29,555</u>	<u>140,655</u>	<u>57,532</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	0	37,009	147,486	3,000
Special	0	0	0	0	0
Support Services:					
Pupil	0	0	0	0	0
Instructional Staff	0	0	0	0	0
Administration	0	0	0	0	0
Fiscal	0	0	0	0	0
Operation and Maintenance of Plant	8,120	0	0	0	31,680
Operation of Non-Instructional Services	0	500	0	0	0
Operation of Food Services	1,408,263	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Capital Outlay	0	0	0	0	18,800
<i>Total Expenditures</i>	<u>1,416,383</u>	<u>500</u>	<u>37,009</u>	<u>147,486</u>	<u>53,480</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(40,009)	1,500	(7,454)	(6,831)	4,052
<b>Other Financing Sources</b>					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(40,009)	1,500	(7,454)	(6,831)	4,052
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>100,324</u>	<u>2,200</u>	<u>67,166</u>	<u>82,050</u>	<u>33,736</u>
<i>End of Year</i>	<u>\$60,315</u>	<u>\$3,700</u>	<u>\$59,712</u>	<u>\$75,219</u>	<u>\$37,788</u>

<u>Athletics and Music</u>	<u>Auxiliary Services</u>	<u>Educational Management Information Systems</u>	<u>Entry Year Program</u>	<u>Network Connectivity</u>	<u>SchoolNet Professional Development</u>
\$0	\$687,435	\$16,029	\$7,200	\$18,000	\$2,970
0	4,954	0	0	0	0
2,492	0	0	0	0	0
219,861	0	0	0	0	0
24,190	0	0	0	0	0
0	0	0	0	0	0
900	0	0	0	0	0
0	0	0	0	0	0
<u>247,443</u>	<u>692,389</u>	<u>16,029</u>	<u>7,200</u>	<u>18,000</u>	<u>2,970</u>
0	0	0	7,200	18,107	0
0	0	0	0	0	0
0	0	7,910	0	0	0
0	0	0	0	0	1,350
0	0	0	0	0	0
0	0	7,910	0	0	0
0	0	0	0	0	0
0	796,003	0	0	0	0
0	0	0	0	0	0
249,851	0	0	0	0	0
0	0	0	0	0	0
<u>249,851</u>	<u>796,003</u>	<u>15,820</u>	<u>7,200</u>	<u>18,107</u>	<u>1,350</u>
(2,408)	(103,614)	209	0	(107)	1,620
<u>40,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
37,592	(103,614)	209	0	(107)	1,620
<u>52,827</u>	<u>127,788</u>	<u>6,157</u>	<u>0</u>	<u>4,573</u>	<u>107</u>
<u>\$90,419</u>	<u>\$24,174</u>	<u>\$6,366</u>	<u>\$0</u>	<u>\$4,466</u>	<u>\$1,727</u>

(continued)

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Fiscal Year Ended June 30, 2008*

	Miscellaneous State Grants	Title VI-B	Immigrant Education	Title V	Drug Free Schools Grant
<b>Revenues</b>					
Intergovernmental	\$13,431	\$952,789	\$20,160	\$11,506	\$14,771
Interest	0	0	0	0	0
Tuition and Fees	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Charges for Services	0	0	0	0	0
Rentals	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>13,431</u>	<u>952,789</u>	<u>20,160</u>	<u>11,506</u>	<u>14,771</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	2,962	0	18,189	10,250	2,264
Special	0	87,110	0	0	0
Support Services:					
Pupil	12,059	33,391	0	0	10,299
Instructional Staff	3,372	752,845	629	0	0
Administration	0	46,996	0	0	0
Fiscal	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	3,298
Operation of Non-Instructional Services	0	36,023	500	1,593	0
Operation of Food Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
<i>Total Expenditures</i>	<u>18,393</u>	<u>956,365</u>	<u>19,318</u>	<u>11,843</u>	<u>15,861</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,962)	(3,576)	842	(337)	(1,090)
<b>Other Financing Sources</b>					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(4,962)	(3,576)	842	(337)	(1,090)
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>4,962</u>	<u>53,164</u>	<u>347</u>	<u>397</u>	<u>1,099</u>
<i>Fund Balances (Deficit)</i>					
<i>End of Year</i>	<u>\$0</u>	<u>\$49,588</u>	<u>\$1,189</u>	<u>\$60</u>	<u>\$9</u>



Preschool Grant	Class Size Reduction Grant	Total Nonmajor Special Revenue Funds
\$28,915	\$73,458	\$2,045,948
0	0	10,966
0	0	29,242
0	0	219,861
0	0	108,329
0	0	1,278,303
0	0	900
0	0	11,628
<u>28,915</u>	<u>73,458</u>	<u>3,705,177</u>
0	2,699	249,166
0	0	87,110
0	0	63,659
29,489	58,009	845,694
0	0	46,996
0	0	7,910
0	0	43,098
0	1,967	836,586
0	0	1,408,263
0	0	249,851
0	0	18,800
<u>29,489</u>	<u>62,675</u>	<u>3,857,133</u>
(574)	10,783	(151,956)
<u>0</u>	<u>0</u>	<u>40,000</u>
(574)	10,783	(111,956)
<u>354</u>	<u>(1,692)</u>	<u>535,559</u>
<u>(\$220)</u>	<u>\$9,091</u>	<u>\$423,603</u>

**North Royalton City School District**

*Combining Balance Sheet*

*Nonmajor Capital Projects Funds*

*June 30, 2008*

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$655,753	\$305	\$2,434	\$658,492
Property Taxes Receivable	<u>996,229</u>	<u>0</u>	<u>0</u>	<u>996,229</u>
<i>Total Assets</i>	<u><u>\$1,651,982</u></u>	<u><u>\$305</u></u>	<u><u>\$2,434</u></u>	<u><u>\$1,654,721</u></u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$19,448	\$0	\$0	\$19,448
Contracts Payable	117,861	0	0	117,861
Interfund Payable	0	763,940	0	763,940
Deferred Revenue	866,913	0	0	866,913
Accrued Interest Payable	<u>0</u>	<u>19,261</u>	<u>0</u>	<u>19,261</u>
<i>Total Liabilities</i>	<u>1,004,222</u>	<u>783,201</u>	<u>0</u>	<u>1,787,423</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	198,316	0	0	198,316
Reserved for Property Taxes	128,980	0	0	128,980
Unreserved, Undesignated (Deficit)	<u>320,464</u>	<u>(782,896)</u>	<u>2,434</u>	<u>(459,998)</u>
<i>Total Fund Balances (Deficit)</i>	<u>647,760</u>	<u>(782,896)</u>	<u>2,434</u>	<u>(132,702)</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$1,651,982</u></u>	<u><u>\$305</u></u>	<u><u>\$2,434</u></u>	<u><u>\$1,654,721</u></u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Fiscal Year Ended June 30, 2008*

	Permanent Improvement	Building	SchoolNet Plus	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Property Taxes	\$980,274	\$0	\$0	\$980,274
Intergovernmental	132,345	13,394	31,734	177,473
Rentals	10,000	0	0	10,000
<i>Total Revenues</i>	<u>1,122,619</u>	<u>13,394</u>	<u>31,734</u>	<u>1,167,747</u>
<b>Expenditures</b>				
Capital Outlay	1,271,468	508,691	29,300	1,809,459
Debt Service:				
Interest and Fiscal Charges	0	31,224	0	31,224
<i>Total Expenditures</i>	<u>1,271,468</u>	<u>539,915</u>	<u>29,300</u>	<u>1,840,683</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(148,849)</u>	<u>(526,521)</u>	<u>2,434</u>	<u>(672,936)</u>
<b>Other Financing Sources</b>				
Sale of Capital Assets	273,433	0	0	273,433
Transfers In	0	107,000	0	107,000
<i>Total Other Financing Sources</i>	<u>273,433</u>	<u>107,000</u>	<u>0</u>	<u>380,433</u>
<i>Net Change in Fund Balances</i>	124,584	(419,521)	2,434	(292,503)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>523,176</u>	<u>(363,375)</u>	<u>0</u>	<u>159,801</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$647,760</u></u>	<u><u>(\$782,896)</u></u>	<u><u>\$2,434</u></u>	<u><u>(\$132,702)</u></u>

## Combining Statements - Fiduciary Funds

### *Agency 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 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 or operations. A description of the School District's agency funds follows:

***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.

***Suburban Health Insurance Consortium Fund*** This fund reflects the activity of the Suburban Health Consortium.

**North Royalton City School District**  
*Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
For the Fiscal Year Ended June 30, 2008

	Beginning Balance 6/30/07	Additions	Deductions	Ending Balance 6/30/08
<b><i>Student Activities</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$233,567	\$774,862	\$711,151	\$297,278
<b>Liabilities</b>				
Due to Students	\$233,567	\$774,862	\$711,151	\$297,278
<b><i>Suburban Health Insurance Consortium</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$16,214,755	\$51,291,767	\$49,316,137	\$18,190,385
Accrued Interest Receivable	0	70,202	0	70,202
<b>Total Assets</b>	<b>\$16,214,755</b>	<b>\$51,361,969</b>	<b>\$49,316,137</b>	<b>\$18,260,587</b>
<b>Liabilities</b>				
Undistributed Monies	\$16,214,755	\$51,361,969	\$49,316,137	\$18,260,587
<b><i>Total Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$16,448,322	\$52,066,629	\$50,027,288	\$18,487,663
Accrued Interest Receivable	0	70,202	0	70,202
<b>Total Assets</b>	<b>\$16,448,322</b>	<b>\$52,136,831</b>	<b>\$50,027,288</b>	<b>\$18,557,865</b>
<b>Liabilities</b>				
Due to Students	\$233,567	\$774,862	\$711,151	\$297,278
Undistributed Monies	16,214,755	51,361,969	49,316,137	18,260,587
<b>Total Liabilities</b>	<b>\$16,448,322</b>	<b>\$52,136,831</b>	<b>\$50,027,288</b>	<b>\$18,557,865</b>

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

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$30,443,874	\$30,180,520	\$30,214,406	\$33,886
Intergovernmental	10,123,717	10,036,142	10,036,142	0
Interest	806,759	799,780	805,929	6,149
Tuition and Fees	296,212	293,650	293,650	0
Extracurricular Activities	22,252	22,060	22,060	0
Rentals	51,585	51,139	51,139	0
Miscellaneous	169,310	167,845	167,845	0
<i>Total Revenues</i>	41,913,709	41,551,136	41,591,171	40,035
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	14,185,137	14,185,137	14,146,019	39,118
Fringe Benefits	4,536,237	4,536,237	4,479,036	57,201
Purchased Services	555,533	555,533	550,649	4,884
Materials and Supplies	939,117	939,117	933,759	5,358
Capital Outlay - New	157,759	157,759	157,391	368
Other	1,704	1,704	1,704	0
Total Regular	20,375,487	20,375,487	20,268,558	106,929
Special:				
Salaries and Wages	2,656,882	2,656,882	2,636,445	20,437
Fringe Benefits	743,541	743,541	697,406	46,135
Purchased Services	1,518,107	1,518,107	1,505,149	12,958
Materials and Supplies	22,930	22,930	22,154	776
Capital Outlay - New	23,655	23,655	23,655	0
Other	31,041	31,041	31,041	0
Total Special	4,996,156	4,996,156	4,915,850	80,306
Vocational:				
Salaries and Wages	118,500	118,500	117,986	514
Fringe Benefits	45,523	45,523	45,301	222
Materials and Supplies	1,218	1,218	1,218	0
Capital Outlay - New	17,075	17,075	15,662	1,413
Total Vocational	182,316	182,316	180,167	2,149
Total Instruction	\$25,553,959	\$25,553,959	\$25,364,575	\$189,384

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Support Services:</b>				
<b>Pupil:</b>				
Salaries and Wages	\$1,502,140	\$1,502,140	\$1,489,209	\$12,931
Fringe Benefits	519,122	519,122	516,053	3,069
Purchased Services	391,697	391,697	384,679	7,018
Materials and Supplies	16,993	16,993	15,724	1,269
Other	1,170	1,170	1,170	0
<b>Total Pupil</b>	<b>2,431,122</b>	<b>2,431,122</b>	<b>2,406,835</b>	<b>24,287</b>
<b>Instructional Staff:</b>				
Salaries and Wages	1,456,966	1,456,966	1,445,581	11,385
Fringe Benefits	682,037	682,037	564,614	117,423
Purchased Services	59,039	59,039	57,279	1,760
Materials and Supplies	35,862	35,862	35,451	411
Other	219	219	219	0
<b>Total Instructional Staff</b>	<b>2,234,123</b>	<b>2,234,123</b>	<b>2,103,144</b>	<b>130,979</b>
<b>Board of Education:</b>				
Salaries and Wages	22,035	22,035	22,035	0
Fringe Benefits	320	320	320	0
Purchased Services	9,085	9,085	8,763	322
Materials and Supplies	270	270	270	0
Other	7,912	7,912	7,912	0
<b>Total Board of Education</b>	<b>39,622</b>	<b>39,622</b>	<b>39,300</b>	<b>322</b>
<b>Administration:</b>				
Salaries and Wages	1,957,767	1,957,767	1,950,617	7,150
Fringe Benefits	943,231	943,231	939,662	3,569
Purchased Services	241,726	241,726	241,500	226
Materials and Supplies	36,274	36,274	36,018	256
Capital Outlay - New	21,226	21,226	21,058	168
Capital Outlay - Replacement	2,954	2,954	2,954	0
Other	16,679	16,679	13,969	2,710
<b>Total Administration</b>	<b>\$3,219,857</b>	<b>\$3,219,857</b>	<b>\$3,205,778</b>	<b>\$14,079</b>

(continued)



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fiscal:				
Salaries and Wages	\$346,273	\$346,273	\$345,299	\$974
Fringe Benefits	142,103	142,103	141,741	362
Purchased Services	12,457	12,457	12,018	439
Materials and Supplies	7,525	7,525	5,594	1,931
Other	485,613	485,613	476,278	9,335
<b>Total Fiscal</b>	<b>993,971</b>	<b>993,971</b>	<b>980,930</b>	<b>13,041</b>
Business:				
Salaries and Wages	203,378	203,378	202,726	652
Fringe Benefits	105,955	105,955	105,609	346
Purchased Services	5,200	5,200	5,025	175
Materials and Supplies	684	684	684	0
Other	487	487	487	0
<b>Total Business</b>	<b>315,704</b>	<b>315,704</b>	<b>314,531</b>	<b>1,173</b>
Operation and Maintenance of Plant:				
Salaries and Wages	1,606,027	1,606,027	1,596,583	9,444
Fringe Benefits	760,018	760,018	755,793	4,225
Purchased Services	1,130,005	1,130,005	1,028,740	101,265
Materials and Supplies	275,036	275,036	275,035	1
Capital Outlay - Replacement	150	150	150	0
Other	3,179	3,179	3,179	0
<b>Total Operation and Maintenance of Plant</b>	<b>3,774,415</b>	<b>3,774,415</b>	<b>3,659,480</b>	<b>114,935</b>
Pupil Transportation:				
Salaries and Wages	1,374,344	1,374,344	1,363,435	10,909
Fringe Benefits	500,978	500,978	498,385	2,593
Purchased Services	671,780	671,780	665,723	6,057
Materials and Supplies	503,727	503,727	499,630	4,097
Capital Outlay - New	78,596	78,596	78,596	0
<b>Total Pupil Transportation</b>	<b>\$3,129,425</b>	<b>\$3,129,425</b>	<b>\$3,105,769</b>	<b>\$23,656</b>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Central:				
Salaries and Wages	\$242,000	\$242,000	\$240,472	\$1,528
Fringe Benefits	50,054	50,054	49,472	582
Purchased Services	227,404	227,404	226,910	494
Materials and Supplies	57,106	57,106	57,106	0
Capital Outlay - New	25,500	25,500	25,052	448
Total Central	602,064	602,064	599,012	3,052
Total Support Services	16,740,303	16,740,303	16,414,779	325,524
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	33,500	33,500	33,000	500
Fringe Benefits	12,543	12,543	12,491	52
Purchased Services	34,000	34,000	32,963	1,037
Materials and Supplies	454	454	454	0
Total Operation of Non-Instructional Services	80,497	80,497	78,908	1,589
Extracurricular Activities:				
Academic Oriented Activities:				
Salaries and Wages	185,115	185,115	183,747	1,368
Fringe Benefits	7,200	7,200	6,920	280
Total Academic Oriented Activities	192,315	192,315	190,667	1,648
Sport Oriented Activities:				
Salaries and Wages	480,534	480,534	477,719	2,815
Fringe Benefits	24,150	24,150	24,134	16
Purchased Services	24,202	24,202	24,202	0
Total Sport Oriented Activities	528,886	528,886	526,055	2,831
Total Extracurricular Activities	721,201	721,201	716,722	4,479
Total Expenditures	43,095,960	43,095,960	42,574,984	520,976
Excess of Revenues Under Expenditures	(\$1,182,251)	(\$1,544,824)	(\$983,813)	\$561,011

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	\$3,026	\$3,000	\$3,000	\$0
Advances In	765	758	758	0
Advances Out	(950)	(950)	(950)	0
Transfers Out	(147,000)	(147,000)	(147,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(144,159)</u>	<u>(144,192)</u>	<u>(144,192)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,326,410)	(1,689,016)	(1,128,005)	561,011
<i>Fund Balance Beginning of Year</i>	6,169,362	6,169,362	6,169,362	0
Prior Year Encumbrances Appropriated	<u>878,910</u>	<u>878,910</u>	<u>878,910</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,721,862</u></u>	<u><u>\$5,359,256</u></u>	<u><u>\$5,920,267</u></u>	<u><u>\$561,011</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$2,501,215	\$2,502,725	\$1,510
Intergovernmental	310,666	310,666	0
<i>Total Revenues</i>	<u>2,811,881</u>	<u>2,813,391</u>	<u>1,510</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Fiscal:			
Other	36,000	32,928	3,072
Debt Service:			
Principal Retirement	2,332,000	2,332,000	0
Interest and Fiscal Charges	648,400	610,665	37,735
Total Debt Service	<u>2,980,400</u>	<u>2,942,665</u>	<u>37,735</u>
<i>Total Expenditures</i>	<u>3,016,400</u>	<u>2,975,593</u>	<u>40,807</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(204,519)</u>	<u>(162,202)</u>	<u>42,317</u>
<b>Other Financing Sources</b>			
General Obligation Notes Issued	255,000	255,000	0
Transfers In	107,000	107,000	0
<i>Total Other Financing Sources</i>	<u>362,000</u>	<u>362,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	157,481	199,798	42,317
<i>Fund Balance Beginning of Year</i>	<u>3,240,667</u>	<u>3,240,667</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,398,148</u></u>	<u><u>\$3,440,465</u></u>	<u><u>\$42,317</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$188,509	\$188,509	\$0
Interest	5,826	6,012	186
Charges for Services	1,177,328	1,177,328	0
<i>Total Revenues</i>	<u>1,371,663</u>	<u>1,371,849</u>	<u>186</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	9,270	9,270	0
Operation of Food Services:			
Salaries and Wages	488,563	488,563	0
Fringe Benefits	231,883	231,883	0
Purchased Services	5,153	5,153	0
Materials and Supplies	674,137	667,681	6,456
Capital Outlay - New	1,025	1,025	0
Capital Outlay - Replacement	64	64	0
Total Operation of Food Services	<u>1,400,825</u>	<u>1,394,369</u>	<u>6,456</u>
<i>Total Expenditures</i>	<u>1,410,095</u>	<u>1,403,639</u>	<u>6,456</u>
<i>Net Change in Fund Balance</i>	(38,432)	(31,790)	6,642
<i>Fund Balance Beginning of Year</i>	126,328	126,328	0
Prior Year Encumbrances Appropriated	94	94	0
<i>Fund Balance End of Year</i>	<u>\$87,990</u>	<u>\$94,632</u>	<u>\$6,642</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Scholarship Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Contributions and Donations	\$2,000	\$2,000	\$0
<b>Expenditures</b>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	4,000	1,000	3,000
<i>Net Change in Fund Balance</i>	(2,000)	1,000	3,000
<i>Fund Balance Beginning of Year</i>	2,200	2,200	0
<i>Fund Balance End of Year</i>	\$200	\$3,200	\$3,000

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Adult Education Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Tuition and Fees	\$23,611	\$23,611	\$0
Miscellaneous	5,944	5,944	0
<i>Total Revenues</i>	<u>29,555</u>	<u>29,555</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	45,000	35,185	9,815
Fringe Benefits	600	495	105
Materials and Supplies	4,400	1,475	2,925
<i>Total Expenditures</i>	<u>50,000</u>	<u>37,155</u>	<u>12,845</u>
<i>Net Change in Fund Balance</i>	(20,445)	(7,600)	12,845
<i>Fund Balance Beginning of Year</i>	<u>67,338</u>	<u>67,338</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$46,893</u></u>	<u><u>\$59,738</u></u>	<u><u>\$12,845</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Public School Support Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Tuition and Fees	\$3,139	\$3,139	\$0
Contributions and Donations	33,857	33,857	0
Charges for Services	100,975	100,975	0
Miscellaneous	2,684	2,684	0
<i>Total Revenues</i>	<u>140,655</u>	<u>140,655</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	774	774	0
Materials and Supplies	34,906	34,906	0
Capital Outlay - New	92,672	83,678	8,994
Other	38,247	36,247	2,000
<i>Total Expenditures</i>	<u>166,599</u>	<u>155,605</u>	<u>10,994</u>
<i>Net Change in Fund Balance</i>	(25,944)	(14,950)	10,994
<i>Fund Balance Beginning of Year</i>	78,325	78,325	0
Prior Year Encumbrances Appropriated	<u>6,598</u>	<u>6,598</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$58,979</u></u>	<u><u>\$69,973</u></u>	<u><u>\$10,994</u></u>



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Local Grants Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$6,250	\$6,250	\$0
Contributions and Donations	48,282	48,282	0
Miscellaneous	3,000	3,000	0
<i>Total Revenues</i>	<u>57,532</u>	<u>57,532</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	11,000	0	11,000
Capital Outlay - New	3,000	3,000	0
<b>Total Instruction</b>	<u>14,000</u>	<u>3,000</u>	<u>11,000</u>
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	8,598	7,798	800
Materials and Supplies	34,688	18,144	16,544
Capital Outlay - New	10,273	10,273	0
<b>Total Support Services</b>	<u>53,559</u>	<u>36,215</u>	<u>17,344</u>
Capital Outlay:			
Site Improvement Services:			
Capital Outlay - New	18,800	18,800	0
<i>Total Expenditures</i>	<u>86,359</u>	<u>58,015</u>	<u>28,344</u>
<i>Net Change in Fund Balance</i>	(28,827)	(483)	28,344
<i>Fund Balance Beginning of Year</i>	26,376	26,376	0
Prior Year Encumbrances Appropriated	7,360	7,360	0
<i>Fund Balance End of Year</i>	<u>\$4,909</u>	<u>\$33,253</u>	<u>\$28,344</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Athletics and Music Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Tuition and Fees	\$2,492	\$2,492	\$0
Extracurricular Activities	219,420	219,861	441
Contributions and Donations	24,190	24,190	0
Rentals	900	900	0
<i>Total Revenues</i>	<u>247,002</u>	<u>247,443</u>	<u>441</u>
<b>Expenditures</b>			
Current:			
Extracurricular Activities:			
Academic Oriented Activities:			
Materials and Supplies	40	40	0
Other	139	139	0
Total Academic Oriented Activities	<u>179</u>	<u>179</u>	<u>0</u>
Occupation Oriented Activities			
Materials and Supplies	524	524	0
Capital Outlay - New	773	773	0
Other	5,645	5,645	0
Total Occupation Oriented Activities	<u>6,942</u>	<u>6,942</u>	<u>0</u>
Sport Oriented Activities:			
Purchased Services	55,252	29,618	25,634
Materials and Supplies	22,178	17,178	5,000
Capital Outlay - New	3,065	3,065	0
Other	226,108	221,108	5,000
Total Sport Oriented Activities	<u>306,603</u>	<u>270,969</u>	<u>35,634</u>
School and Public Service			
Co-curricular Activities:			
Other	60	60	0
<i>Total Expenditures</i>	<u>313,784</u>	<u>278,150</u>	<u>35,634</u>
<i>Excess of Revenues Under Expenditures</i>	(66,782)	(30,707)	36,075
<b>Other Financing Sources</b>			
Transfers In	40,000	40,000	0
<i>Net Change in Fund Balance</i>	(26,782)	9,293	36,075
<i>Fund Balance Beginning of Year</i>	50,603	50,603	0
Prior Year Encumbrances Appropriated	13,784	13,784	0
<i>Fund Balance End of Year</i>	<u>\$37,605</u>	<u>\$73,680</u>	<u>\$36,075</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Auxiliary Services Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$687,435	\$687,435	\$0
Interest	4,772	4,954	182
<i>Total Revenues</i>	<u>692,207</u>	<u>692,389</u>	<u>182</u>
<b>Expenditures</b>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	46,314	46,314	0
Fringe Benefits	15,910	15,910	0
Purchased Services	378,152	378,152	0
Materials and Supplies	144,618	141,151	3,467
Capital Outlay - New	253,658	253,658	0
Other	821	0	821
<i>Total Expenditures</i>	<u>839,473</u>	<u>835,185</u>	<u>4,288</u>
<i>Net Change in Fund Balance</i>	(147,266)	(142,796)	4,470
<i>Fund Balance Beginning of Year</i>	184	184	0
Prior Year Encumbrances Appropriated	<u>147,473</u>	<u>147,473</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$391</u></u>	<u><u>\$4,861</u></u>	<u><u>\$4,470</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Educational Management Information Systems Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$16,029	\$16,029	\$0
<b>Expenditures</b>			
Current:			
Support Services:			
Pupil:			
Purchased Services	11,093	7,910	3,183
Fiscal:			
Purchased Services	11,093	7,910	3,183
<i>Total Expenditures</i>	22,186	15,820	6,366
<i>Net Change in Fund Balance</i>	(6,157)	209	6,366
<i>Fund Balance Beginning of Year</i>	6,157	6,157	0
<i>Fund Balance End of Year</i>	\$0	\$6,366	\$6,366

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Entry Year Program Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$7,200	\$7,200	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	7,200	7,200	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Network Connectivity Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$18,000	\$18,000	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	22,988	17,372	5,616
<i>Net Change in Fund Balance</i>	(4,988)	628	5,616
<i>Fund Balance Beginning of Year</i>	4,988	4,988	0
<i>Fund Balance End of Year</i>	\$0	\$5,616	\$5,616

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*SchoolNet Professional Development Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$2,970	\$2,970	\$0
<b>Expenditures</b>			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	1,557	78	1,479
Fringe Benefits	249	1	248
Purchased Services	1,271	1,271	0
<i>Total Expenditures</i>	3,077	1,350	1,727
<i>Net Change in Fund Balance</i>	(107)	1,620	1,727
<i>Fund Balance Beginning of Year</i>	107	107	0
<i>Fund Balance End of Year</i>	\$0	\$1,727	\$1,727

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Miscellaneous State Grants Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$13,431	\$13,431	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	2,962	2,962	0
Support Services:			
Pupil:			
Purchased Services	9,037	9,037	0
Materials and Supplies	3,022	3,022	0
Total Pupil	12,059	12,059	0
Instructional Staff:			
Purchased Services	3,372	3,372	0
Total Support Services	15,431	15,431	0
<i>Total Expenditures</i>	18,393	18,393	0
<i>Net Change in Fund Balance</i>	(4,962)	(4,962)	0
<i>Fund Balance Beginning of Year</i>	4,962	4,962	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$999,147	\$999,147	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Special:			
Salaries and Wages	59,612	51,620	7,992
Fringe Benefits	22,164	20,627	1,537
Purchased Services	15,000	11,250	3,750
Materials and Supplies	12,000	2,996	9,004
Capital Outlay - New	12,422	0	12,422
Total Instruction	121,198	86,493	34,705
Support Services:			
Pupil:			
Salaries and Wages	17,600	16,920	680
Fringe Benefits	15,635	15,553	82
Purchased Services	3,500	1,460	2,040
Total Pupil	36,735	33,933	2,802
Instructional Staff:			
Salaries and Wages	487,710	455,571	32,139
Fringe Benefits	259,526	255,564	3,962
Purchased Services	52,335	50,293	2,042
Materials and Supplies	1,790	1,790	0
Total Instructional Staff	801,361	763,218	38,143
Administration:			
Salaries and Wages	31,291	29,221	2,070
Fringe Benefits	16,635	16,635	0
Total Administration	47,926	45,856	2,070
Total Support Services	\$886,022	\$843,007	\$43,015

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Fund (continued)*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	\$25,380	\$25,380	\$0
Fringe Benefits	10,696	10,696	0
Total Operation of Non-Instructional Services	36,076	36,076	0
<i>Total Expenditures</i>	1,043,296	965,576	77,720
<i>Net Change in Fund Balance</i>	(44,149)	33,571	77,720
<i>Fund Balance Beginning of Year</i>	34,207	34,207	0
Prior Year Encumbrances Appropriated	10,295	10,295	0
<i>Fund Balance End of Year</i>	\$353	\$78,073	\$77,720

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Immigrant Education Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$21,154	\$21,154	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	11,109	10,690	419
Fringe Benefits	1,718	1,651	67
Purchased Services	2,266	2,199	67
Materials and Supplies	2,149	2,149	0
Capital Outlay - New	1,500	1,500	0
<b>Total Instruction</b>	<b>18,742</b>	<b>18,189</b>	<b>553</b>
Support Services:			
Instructional Staff:			
Salaries and Wages	50	50	0
Fringe Benefits	8	8	0
Purchased Services	571	571	0
<b>Total Support Services</b>	<b>629</b>	<b>629</b>	<b>0</b>
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,136	1,089	47
<b>Total Expenditures</b>	<b>20,507</b>	<b>19,907</b>	<b>600</b>
<i>Excess of Revenues Over Expenditures</i>	647	1,247	600
<b>Other Financing Uses</b>			
Advances Out	(758)	(758)	0
<i>Net Change in Fund Balance</i>	(111)	489	600
<i>Fund Balance Beginning of Year</i>	111	111	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$600</u>	<u>\$600</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title V Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$11,506	\$11,506	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	5,450	5,450	0
Capital Outlay - New	4,800	4,800	0
Total Instruction	10,250	10,250	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	2,119	2,119	0
Materials and Supplies	14	0	14
Total Operation of Non-Instructional Services	2,133	2,119	14
<i>Total Expenditures</i>	12,383	12,369	14
<i>Excess of Revenues Under Expenditures</i>	(877)	(863)	14
<b>Other Financing Sources</b>			
Advances In	50	50	0
<i>Net Change in Fund Balance</i>	(827)	(813)	14
<i>Fund Balance Beginning of Year</i>	397	397	0
Prior Year Encumbrances Appropriated	430	430	0
<i>Fund Balance End of Year</i>	\$0	\$14	\$14

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Drug Free Schools Grant Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$14,771	\$14,771	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	2,089	2,089	0
Fringe Benefits	175	175	0
Total Instruction	2,264	2,264	0
Support Services:			
Pupil:			
Salaries and Wages	1,148	1,148	0
Fringe Benefits	166	161	5
Purchased Services	7,790	7,790	0
Materials and Supplies	1,207	1,200	7
Total Pupil	10,311	10,299	12
Operation and Maintenance of Plant:			
Capital Outlay - New	3,298	3,298	0
Total Support Services	13,609	13,597	12
Operation of Non-Instructional Services:			
Community Services:			
Materials and Supplies	897	892	5
<i>Total Expenditures</i>	16,770	16,753	17
<i>Excess of Revenues Under Expenditures</i>	(1,999)	(1,982)	17
<b>Other Financing Sources</b>			
Advances In	900	900	0
<i>Net Change in Fund Balance</i>	(1,099)	(1,082)	17
<i>Fund Balance Beginning of Year</i>	1,099	1,099	0
<i>Fund Balance End of Year</i>	\$0	\$17	\$17

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Preschool Grant Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$28,915	\$28,915	\$0
<b>Expenditures</b>			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	15,786	15,786	0
Fringe Benefits	13,809	13,707	102
Purchased Services	200	0	200
<i>Total Expenditures</i>	29,795	29,493	302
<i>Net Change in Fund Balance</i>	(880)	(578)	302
<i>Fund Balance Beginning of Year</i>	880	880	0
<i>Fund Balance End of Year</i>	\$0	\$302	\$302

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Class Size Reduction Grant Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$73,458	\$73,458	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	6,573	6,573	0
Fringe Benefits	1,014	1,014	0
Total Instruction	7,587	7,587	0
Support Services:			
Instructional Staff:			
Salaries and Wages	25,000	19,950	5,050
Fringe Benefits	3,862	3,061	801
Purchased Services	37,603	35,959	1,644
Materials and Supplies	1,841	1,839	2
Total Support Services	68,306	60,809	7,497
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	3,052	3,052	0
Materials and Supplies	791	396	395
Total Operation of Non-Instructional Services	3,843	3,448	395
<i>Total Expenditures</i>	79,736	71,844	7,892
<i>Net Change in Fund Balance</i>	(6,278)	1,614	7,892
<i>Fund Balance Beginning of Year</i>	5,882	5,882	0
Prior Year Encumbrances Appropriated	396	396	0
<i>Fund Balance End of Year</i>	\$0	\$7,892	\$7,892

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$963,661	\$964,265	\$604
Intergovernmental	132,345	132,345	0
Rentals	10,000	10,000	0
<i>Total Revenues</i>	<u>1,106,006</u>	<u>1,106,610</u>	<u>604</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Capital Outlay - New	56,786	56,786	0
Capital Outlay - Replacement	17,264	17,264	0
Total Regular	74,050	74,050	0
Special:			
Capital Outlay - New	519	519	0
Total Instruction	74,569	74,569	0
Support Services:			
Administration:			
Purchased Services	28,400	28,400	0
Capital Outlay - New	8,156	8,156	0
Total Administration	36,556	36,556	0
Fiscal:			
Other	12,706	12,706	0
Operation and Maintenance of Plant:			
Purchased Services	131,164	131,164	0
Capital Outlay - New	11,535	11,535	0
Capital Outlay - Replacement	35,386	35,386	0
Total Operation and Maintenance of Plant	178,085	178,085	0
Pupil Transportation:			
Purchased Services	14,600	14,600	0
Capital Outlay - New	36,394	36,394	0
Capital Outlay - Replacement	232,803	232,803	0
Total Pupil Transportation	283,797	283,797	0
Total Support Services	\$511,144	\$511,144	\$0

(continued)



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund (continued)*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital Outlay:			
Site Acquisition Services:			
Purchased Services	\$138,887	\$138,887	\$0
Capital Outlay - New	33,744	33,744	0
Capital Outlay - Replacement	65,165	65,165	0
Total Site Acquisition Services	237,796	237,796	0
Building Improvement Services:			
Purchased Services	14,352	14,352	0
Capital Outlay - New	68,615	68,615	0
Capital Outlay - Replacement	693,846	670,378	23,468
Total Building Improvement Services	776,813	753,345	23,468
Total Capital Outlay	1,014,609	991,141	23,468
<i>Total Expenditures</i>	1,600,322	1,576,854	23,468
<i>Excess of Revenues Under Expenditures</i>	(494,316)	(470,244)	24,072
<b>Other Financing Sources</b>			
Sale of Capital Assets	273,433	273,433	0
<i>Net Change in Fund Balance</i>	(220,883)	(196,811)	24,072
<i>Fund Balance Beginning of Year</i>	26,317	26,317	0
Prior Year Encumbrances Appropriated	490,622	490,622	0
<i>Fund Balance End of Year</i>	\$296,056	\$320,128	\$24,072

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
**Building Fund**  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Capital Outlay:			
Building Improvement Services			
Capital Outlay - New	70,380	70,380	0
Capital Outlay - Replacement	438,560	438,311	249
<i>Total Expenditures</i>	508,940	508,691	249
<i>Excess of Revenues Under Expenditures</i>	(508,940)	(508,691)	249
<b>Other Financing Sources</b>			
General Obligation Notes Issued	508,940	508,940	0
<i>Net Change in Fund Balance</i>	0	249	249
<i>Fund Balance Beginning of Year</i>	56	56	0
<i>Fund Balance End of Year</i>	\$56	\$305	\$249

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*SchoolNet Plus Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$31,734	\$31,734	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Capital Outlay - New	31,734	29,300	2,434
<i>Net Change in Fund Balance</i>	0	2,434	2,434
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$2,434	\$2,434

**North Royalton City School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Self Insurance Fund*  
*For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$152,551	\$152,551	\$0
<b>Expenses</b>			
Purchased Services	27,520	24,384	3,136
Claims	132,480	120,852	11,628
<i>Total Expenses</i>	160,000	145,236	14,764
<i>Net Change in Fund Equity</i>	(7,449)	7,315	14,764
<i>Fund Equity Beginning of Year</i>	157,150	157,150	0
<i>Fund Equity End of Year</i>	\$149,701	\$164,465	\$14,764

## Statistical Section

This part of the North Royalton City School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School District's overall financial health.

---

<b>Contents</b>	<b>Pages(s)</b>
<b><i>Financial Trends</i></b> .....	<b><i>S2 – S7</i></b>
These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b> .....	<b><i>S8 – S17</i></b>
These schedules contain information to help the reader assess the School District's most significant local revenue, the property tax.	
<b><i>Debt Capacity</i></b> .....	<b><i>S18 – S21</i></b>
These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	
<b><i>Economic and Demographic Information</i></b> .....	<b><i>S22 – S24</i></b>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	
<b><i>Operating Information</i></b> .....	<b><i>S25 – S34</i></b>
These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The School District implemented GASB Statement No. 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year. Revenue and expenditure information on a modified accrual basis prior to 1999 is unavailable.

**North Royalton City School District**  
*Net Assets by Component*  
*Last Six Fiscal Years*  
*(accrual basis of accounting)*

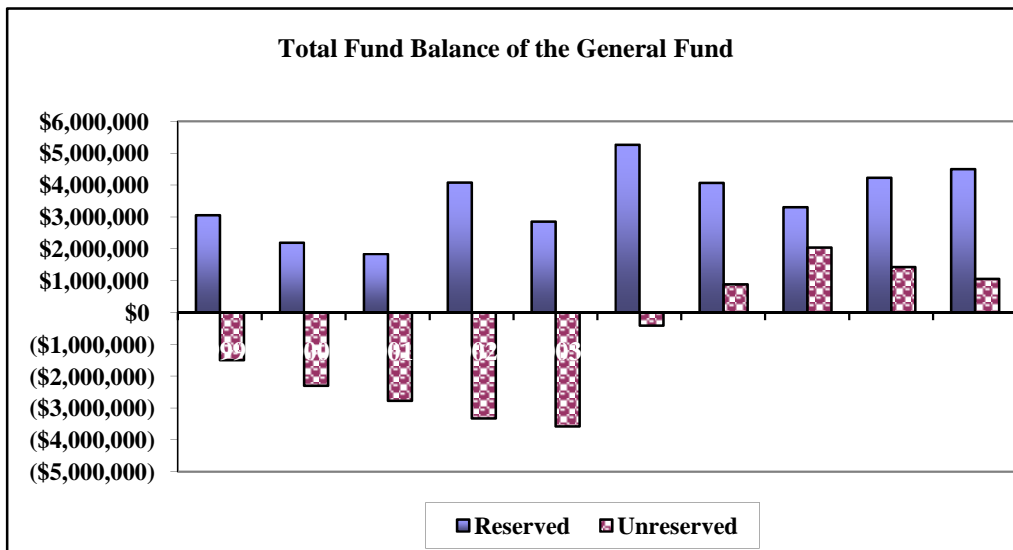
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Invested in Capital Assets, Net of Related Debt	\$5,676,183	\$8,008,290	\$7,984,585	\$9,387,547	\$10,404,332	\$11,206,829
Restricted for:						
Capital Projects	351,756	470,886	694,252	253,191	243,059	0
Debt Service	2,262,835	2,704,713	3,149,780	3,328,432	3,472,628	3,728,413
Other Purposes	408,144	369,575	277,658	337,334	426,672	303,158
Unrestricted (Deficit)	<u>(3,485,176)</u>	<u>537,280</u>	<u>1,834,615</u>	<u>2,167,301</u>	<u>1,747,843</u>	<u>2,194,118</u>
Total Net Assets	<u><u>\$5,213,742</u></u>	<u><u>\$12,090,744</u></u>	<u><u>\$13,940,890</u></u>	<u><u>\$15,473,805</u></u>	<u><u>\$16,294,534</u></u>	<u><u>\$17,432,518</u></u>

**North Royalton City School District**  
*Changes in Net Assets of Governmental Activities*  
*Last Six Fiscal Years*  
*(accrual basis of accounting)*

	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
Regular Instruction	\$17,302,942	\$17,400,569	\$18,824,347	\$19,181,614	\$20,004,883	\$21,558,320
Special Instruction	2,932,155	3,405,594	3,694,607	3,964,579	4,603,113	4,835,486
Vocational Instruction	165,516	100,839	196,199	168,079	193,147	194,028
Pupil Support	1,834,793	1,931,083	2,073,596	2,201,623	2,418,861	2,490,528
Instructional Staff Support	2,236,506	2,544,774	2,854,523	2,806,302	3,132,012	2,974,945
Board of Education	17,890	27,367	32,209	32,661	35,706	38,657
Administration	2,767,986	2,676,212	2,956,743	3,045,649	3,249,707	3,574,520
Fiscal	797,449	911,411	925,283	1,003,012	970,782	1,048,878
Business	225,304	281,670	300,767	287,549	299,718	325,633
Operation and Maintenance of Plant	2,928,794	3,188,596	3,422,885	3,776,192	3,949,268	4,002,858
Pupil Transportation	2,197,402	2,700,384	2,991,475	3,258,231	3,490,934	3,540,389
Central	268,640	299,018	348,821	437,407	469,215	578,689
Operation of Non-Instructional Services	592,156	607,217	835,474	760,088	777,482	856,858
Operation of Food Services	612,425	1,318,533	1,383,071	1,386,551	1,373,576	1,492,421
Extracurricular Activities	1,477,114	856,680	928,390	886,853	971,326	975,997
Interest and Fiscal Charges	1,552,707	1,453,624	1,096,586	1,161,101	1,249,576	1,131,121
<i>Total Expenses</i>	<u>37,909,779</u>	<u>39,703,571</u>	<u>42,864,976</u>	<u>44,357,491</u>	<u>47,189,306</u>	<u>49,619,328</u>
<b>Program Revenues</b>						
Charges for Services and Sales						
Regular Instruction	39,966	205,392	466,294	338,402	251,613	418,480
Special Instruction	214,701	249,760	0	0	0	0
Pupil Support	0	1,733	586	353	0	0
Administration	0	0	0	145	45	0
Fiscal	0	0	0	90	48	0
Business	33,260	57,500	0	0	0	0
Operation and Maintenance of Plant	0	0	59,358	50,344	66,496	68,309
Pupil Transportation	0	0	0	2,073	1,068	0
Operation of Food Services	1,039,189	1,058,187	1,125,999	1,176,372	1,162,798	1,170,607
Extracurricular Activities	314,716	184,324	228,083	228,596	216,673	245,313
Operating Grants, Contributions and Interest	1,249,769	1,809,757	2,097,894	2,186,617	2,155,796	2,160,289
Capital Grants and Contributions	177,730	21,489	153,862	61,179	46,019	75,317
<i>Total Program Revenues</i>	<u>3,069,331</u>	<u>3,588,142</u>	<u>4,132,076</u>	<u>4,044,171</u>	<u>3,900,556</u>	<u>4,138,315</u>
Net Expense	<u>(34,840,448)</u>	<u>(36,115,429)</u>	<u>(38,732,900)</u>	<u>(40,313,320)</u>	<u>(43,288,750)</u>	<u>(45,481,013)</u>
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes	20,685,488	29,363,757	27,467,331	28,267,848	29,852,874	31,273,337
Debt Service	2,119,417	2,747,051	2,434,371	2,622,996	2,621,799	2,558,605
Capital Outlay	623,569	858,498	801,374	873,788	938,459	998,619
Grants and Entitlements not Restricted to Specific Programs	9,099,437	9,707,794	9,539,711	9,475,185	9,734,777	10,435,570
Interest	82,610	76,094	236,072	516,550	855,268	814,931
Gain on Sale of Capital Assets	0	37,000	0	44	3,000	358,462
Miscellaneous	211,124	202,237	104,187	89,824	103,302	179,473
<i>Total General Revenues</i>	<u>32,821,645</u>	<u>42,992,431</u>	<u>40,583,046</u>	<u>41,846,235</u>	<u>44,109,479</u>	<u>46,618,997</u>
<i>Change in Net Assets</i>	<u>(\$2,018,803)</u>	<u>\$6,877,002</u>	<u>\$1,850,146</u>	<u>\$1,532,915</u>	<u>\$820,729</u>	<u>\$1,137,984</u>

**North Royalton City School District**  
*Fund Balances, Governmental Funds*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*

	1999	2000	2001	2002
<b>General Fund</b>				
Reserved	\$3,061,111	\$2,195,839	\$1,837,447	\$4,084,889
Unreserved	(1,495,350)	(2,298,819)	(2,773,494)	(3,323,666)
<i>Total General Fund</i>	<u>1,565,761</u>	<u>(102,980)</u>	<u>(936,047)</u>	<u>761,223</u>
<b>All Other Governmental Funds</b>				
Reserved	777,544	464,868	403,208	654,939
Unreserved, Undesignated, Reported in:				
Special Revenue funds	75,762	261,058	259,757	362,082
Debt Service funds	1,514,584	1,760,637	1,947,210	2,085,527
Capital Projects funds (Deficit)	139,572	(91,568)	22,450	21,261
<i>Total All Other Governmental Funds</i>	<u>2,507,462</u>	<u>2,394,995</u>	<u>2,632,625</u>	<u>3,123,809</u>
<i>Total Governmental Funds</i>	<u><u>\$4,073,223</u></u>	<u><u>\$2,292,015</u></u>	<u><u>\$1,696,578</u></u>	<u><u>\$3,885,032</u></u>





2003	2004	2005	2006	2007	2008
\$2,858,989	\$5,267,827	\$4,076,588	\$3,307,757	\$4,236,611	\$4,502,522
(3,572,721)	(407,775)	884,649	2,045,734	1,426,330	1,061,446
(713,732)	4,860,052	4,961,237	5,353,491	5,662,941	5,563,968
685,236	953,271	1,155,733	793,273	955,911	703,953
349,737	354,312	155,988	322,889	380,916	369,398
2,163,827	2,307,768	2,776,408	3,017,612	3,241,776	3,441,305
59,945	(161,003)	(521,989)	(225,506)	(336,647)	(459,998)
3,258,745	3,454,348	3,566,140	3,908,268	4,241,956	4,054,658
\$2,545,013	\$8,314,400	\$8,527,377	\$9,261,759	\$9,904,897	\$9,618,626

**North Roylton City School District**  
*Changes in Fund Balances*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*

	1999	2000	2001	2002
<b>Revenues</b>				
Property Taxes	\$23,299,237	\$21,489,911	\$23,556,926	\$28,737,806
Intergovernmental	7,875,351	8,427,372	9,294,779	10,286,408
Interest	326,446	362,541	344,644	139,229
Tuition and Fees	150,030	164,501	189,970	273,604
Extracurricular Activities	150,352	154,521	172,601	203,585
Contributions and Donations	0	0	0	68,922
Charges for Services	0	0	0	1,507
Rentals	0	0	0	34,730
Miscellaneous	291,803	176,022	318,075	97,354
<i>Total Revenues</i>	<u>\$32,093,219</u>	<u>\$30,774,868</u>	<u>\$33,876,995</u>	<u>39,843,145</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular and Special	14,320,381	15,938,182	17,346,887	0
Vocational, Adult and Other	687,258	940,207	667,207	0
Regular	0	0	0	16,287,227
Special	0	0	0	2,980,258
Vocational	0	0	0	126,076
<b>Support Services:</b>				
Pupil	1,444,322	1,532,063	1,678,325	1,947,784
Instructional Staff	1,501,589	1,743,107	1,860,622	2,107,635
Board of Education	0	0	0	19,469
Administration	2,256,472	2,355,345	2,672,500	2,913,381
Fiscal	853,059	963,201	943,231	820,527
Business	0	0	0	213,961
Operation and Maintenance of Plant	2,626,710	2,734,729	2,985,176	2,901,312
Pupil Transportation	1,960,510	2,129,235	2,418,968	2,240,886
Central	93,740	120,075	95,031	222,259
Operation of Non-Instructional Services	502,770	468,277	482,556	686,446
Food Service Operations	0	0	0	0
Extracurricular Activities	432,962	667,421	760,587	746,566
Capital Outlay	693,582	357,399	10,581	817,988
<b>Debt Service:</b>				
Principal Retirement	1,310,000	1,235,000	1,295,000	1,350,000
Interest and Fiscal Charges	1,454,050	1,393,381	1,332,570	1,280,896
Interest on Capital Appreciation Bonds	0	0	0	0
Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>30,137,405</u>	<u>32,577,622</u>	<u>34,549,241</u>	<u>37,662,671</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>1,955,814</u>	<u>(1,802,754)</u>	<u>(672,246)</u>	<u>2,180,474</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	12,549	21,546	1,100	7,980
General Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	236,100	123,610	471,896	35,500
Transfers Out	(237,100)	(123,610)	(471,896)	(35,500)
<i>Total Other Financing Sources (Uses)</i>	<u>11,549</u>	<u>21,546</u>	<u>1,100</u>	<u>7,980</u>
<i>Net Change in Fund Balances</i>	<u>\$1,967,363</u>	<u>(\$1,781,208)</u>	<u>(\$671,146)</u>	<u>\$2,188,454</u>
<b>Debt Service as a Percentage of</b>				
<i>Noncapital Expenditures</i>	9.39%	8.16%	7.61%	7.14%

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds.

(2) Regular and Special Instruction were shown in total for fiscal years 1999, 2000, and 2001.

(3) Vocational, Adult and Other Instruction were shown in total for fiscal years 1999, 2000, and 2001.

2003	2004	2005	2006	2007	2008
\$24,186,901	\$32,761,249	\$29,811,003	\$31,621,162	\$33,415,877	\$34,205,019
10,480,631	11,440,394	11,619,390	11,570,058	11,818,103	12,556,835
88,781	79,545	245,241	525,868	864,152	820,943
174,784	557,370	332,735	305,125	381,057	322,892
274,061	182,504	225,983	227,206	215,637	241,921
79,368	95,195	162,908	123,105	109,605	108,329
1,040,802	1,088,120	1,154,091	1,203,212	1,240,255	1,278,303
33,260	57,500	59,358	51,989	58,872	62,488
211,124	202,237	104,187	89,824	103,302	179,473
<u>36,569,712</u>	<u>46,464,114</u>	<u>43,714,896</u>	<u>45,717,549</u>	<u>48,206,860</u>	<u>49,776,203</u>
0	0	0	0	0	0
0	0	0	0	0	0
16,301,818	16,937,356	17,952,372	18,458,518	19,290,075	20,407,395
2,882,418	3,322,726	3,590,761	3,877,343	4,515,969	4,735,179
174,975	92,605	182,888	168,184	186,400	179,747
1,810,813	1,881,898	2,051,487	2,161,006	2,356,571	2,469,230
2,089,874	2,371,198	2,803,076	2,631,753	3,027,227	2,928,773
18,060	27,367	32,209	32,661	35,706	38,657
2,670,552	2,646,460	2,732,941	2,809,307	3,054,205	3,292,509
773,273	884,703	927,855	995,258	950,820	1,026,711
215,157	279,716	299,538	286,639	297,493	317,103
2,801,943	2,959,316	3,345,796	3,569,376	3,548,421	3,638,912
2,014,230	2,393,572	2,625,312	2,812,288	2,965,680	3,029,463
253,322	294,075	330,191	418,949	452,042	557,250
650,522	645,440	819,413	771,554	761,606	915,948
1,203,507	1,283,994	1,343,360	1,313,791	1,299,759	1,408,263
809,598	826,667	915,181	931,901	954,755	967,013
631,320	1,255,125	1,242,520	1,025,493	1,247,094	1,828,259
1,390,000	1,435,000	1,480,000	1,935,000	1,930,000	1,241,594
1,240,693	845,566	828,558	788,646	693,899	628,495
0	348,943	0	0	0	728,406
0	0	198,293	0	0	0
<u>37,932,075</u>	<u>40,731,727</u>	<u>43,701,751</u>	<u>44,987,667</u>	<u>47,567,722</u>	<u>50,338,907</u>
<u>(1,362,363)</u>	<u>5,732,387</u>	<u>13,145</u>	<u>729,882</u>	<u>639,138</u>	<u>(562,704)</u>
22,344	37,000	0	4,500	4,000	276,433
0	0	14,424,974	0	0	0
0	0	2,120,721	0	0	0
0	0	(16,345,863)	0	0	0
35,500	35,500	80,500	155,500	147,000	147,000
<u>(35,500)</u>	<u>(35,500)</u>	<u>(80,500)</u>	<u>(155,500)</u>	<u>(147,000)</u>	<u>(147,000)</u>
<u>22,344</u>	<u>37,000</u>	<u>199,832</u>	<u>4,500</u>	<u>4,000</u>	<u>276,433</u>
<u>(\$1,340,019)</u>	<u>\$5,769,387</u>	<u>\$212,977</u>	<u>\$734,382</u>	<u>\$643,138</u>	<u>(\$286,271)</u>
7.05%	6.66%	5.90%	6.20%	5.61%	5.30%

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

Collection Year	Real Property			Estimated Actual Value	Tangible
	Assessed Value				General
	Residential/ Agricultural	Commercial/ Industrial	Total		Assessed Value
1999	\$506,178,520	\$99,080,010	\$605,258,530	\$1,729,310,086	\$21,230,513
2000	531,317,510	97,965,850	629,283,360	1,797,952,457	24,721,996
2001	605,963,050	118,372,750	724,335,800	2,069,530,857	26,445,510
2002	625,785,930	121,542,850	747,328,780	2,135,225,086	30,539,440
2003	651,970,300	127,003,500	778,973,800	2,225,639,429	30,116,086
2004	714,571,850	136,287,030	850,858,880	2,431,025,371	28,710,170
2005	750,490,800	138,749,800	889,240,600	2,540,687,429	25,647,714
2006	790,921,970	140,998,620	931,920,590	2,662,630,257	29,503,890
2007	892,068,420	157,094,370	1,049,162,790	2,997,607,971	23,533,932
2008	906,951,690	160,657,050	1,067,608,740	3,050,310,686	7,052,513

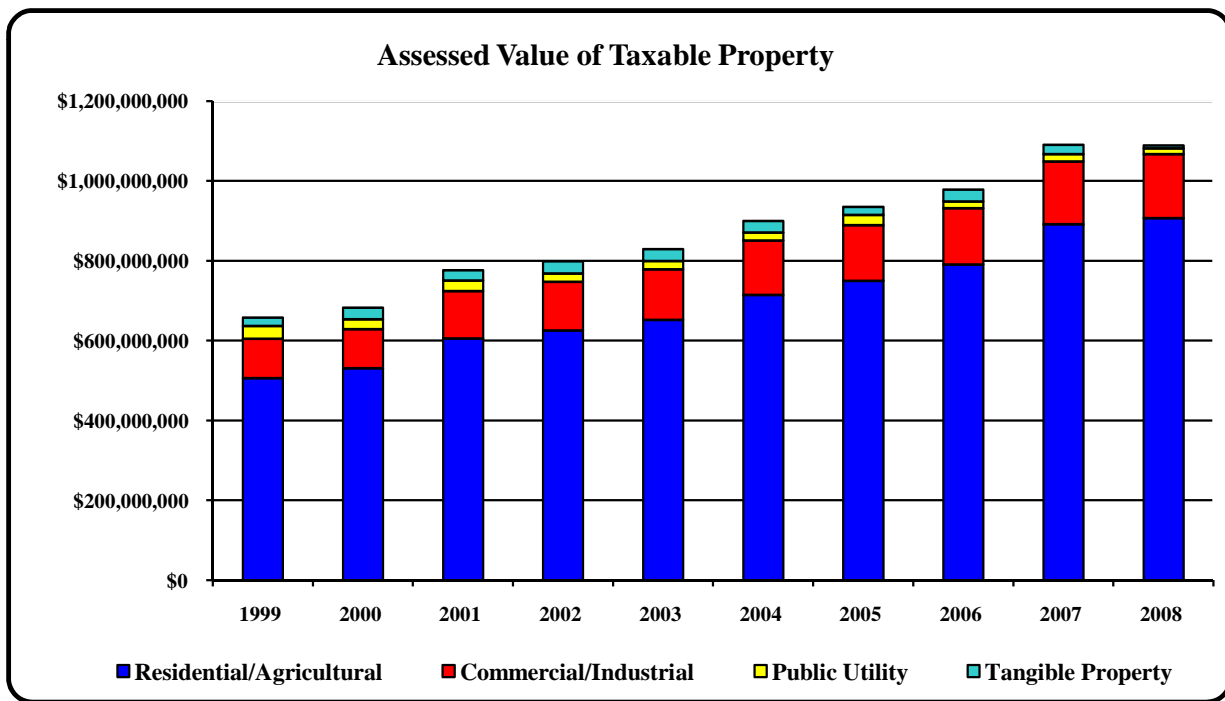
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value for real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and the homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

**Source:** Office of the County Auditor, Cuyahoga County, Ohio

Personal Property Business	Tangible Personal Property Public Utility		Total		
Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Weighted Average Tax Rate
\$84,922,052	\$31,814,060	\$36,152,341	\$658,303,103	\$1,850,384,479	\$38.32250
98,887,984	28,486,370	32,370,875	682,491,726	1,929,211,316	37.55684
105,782,040	25,459,179	28,930,885	776,240,489	2,204,243,782	35.27836
122,157,760	21,240,630	24,137,079	799,108,850	2,281,519,925	34.72641
120,464,344	20,709,590	23,533,625	829,799,476	2,369,637,398	39.93739
124,826,826	20,459,520	23,249,455	900,028,570	2,579,101,652	38.37126
111,511,800	19,944,270	22,663,943	934,832,584	2,674,863,172	37.82423
157,354,080	17,260,620	19,614,341	978,685,100	2,839,598,678	37.11332
188,271,456	17,952,160	20,400,182	1,090,648,882	3,206,279,609	35.65467
112,840,208	14,318,510	16,271,034	1,088,979,763	3,179,421,928	34.99258



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

	1999	2000	2001	2002
<b>Unvoted Millage</b>				
Operating	<u>\$6.000000</u>	<u>\$6.000000</u>	<u>\$6.000000</u>	<u>\$6.000000</u>
<b>Voted Millage - by levy</b>				
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	\$12.958900	\$12.968200	\$13.042400	\$13.045900
Commercial/Industrial	12.635900	12.643600	12.813900	12.819900
Tangible/Public Utility Personal	36.100000	36.100000	36.100000	36.100000
1977 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	1.098900	1.096100	1.073800	1.072700
Commercial/Industrial	1.212600	1.210100	1.155700	1.153800
Tangible/Public Utility Personal	2.500000	2.500000	2.500000	2.500000
1987 Bond (\$7,750,000)	1.100000	1.100000	1.000000	0.800000
1988 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	0.942200	0.935700	0.883800	0.881400
Commercial/Industrial	1.151500	1.146300	1.030400	1.026300
Tangible/Public Utility Personal	1.500000	1.500000	1.500000	1.500000
1994 Bond (\$24,000,000)	3.300000	3.100000	2.600000	2.600000
1995 Emergency (\$2,900,000) (1)	4.700000	4.500000	4.000000	3.800000
1996 Emergency (\$3,795,000) (2)	6.200000	5.900000	5.000000	4.900000
2002 Emergency (\$4,395,000)	0.000000	0.000000	0.000000	0.000000
2005 Emergency (\$6,695,000)	0.000000	0.000000	0.000000	0.000000
2007 Emergency (\$4,395,000)	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>
<b>Total Effective Voted Millage by type of property</b>				
Residential/Agricultural	\$30.300000	\$29.600000	\$27.600000	\$27.100000
Commercial/Industrial	30.300000	29.600000	27.600000	27.100000
Tangible/Public Utility Personal	<u>55.400000</u>	<u>54.700000</u>	<u>52.700000</u>	<u>52.200000</u>

2003	2004	2005	2006	2007	2008
<u>\$6.000000</u>	<u>\$6.000000</u>	<u>\$6.000000</u>	<u>\$6.000000</u>	<u>\$6.000000</u>	<u>\$6.000000</u>
\$13.050000	\$13.092800	\$13.101000	\$13.104600	\$13.161000	\$13.161400
12.820500	12.862200	12.865000	12.947600	12.899900	12.899900
36.100000	36.100000	36.100000	36.100000	36.100000	36.100000
1.071500	1.058600	1.056200	1.055100	1.038100	1.038000
1.153600	1.140300	1.139400	1.146700	1.128200	1.128200
2.500000	2.500000	2.500000	2.500000	2.500000	2.500000
0.800000	0.800000	0.800000	0.900000	0.700000	0.500000
0.878500	0.848600	0.842900	0.840400	0.800800	0.800600
1.025900	0.997600	0.995700	1.002100	0.971900	0.971900
1.500000	1.500000	1.500000	1.500000	1.500000	1.500000
2.600000	2.300000	2.200000	2.100000	2.000000	2.000000
3.700000	3.400000	3.300000	0.000000	0.000000	0.000000
4.800000	4.400000	4.300000	0.000000	0.000000	0.000000
5.500000	5.100000	5.000000	4.700000	4.400000	0.000000
0.000000	0.000000	0.000000	7.200000	6.600000	6.600000
<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>4.400000</u>
\$32.400000	\$31.000000	\$30.600100	\$29.900100	\$28.699900	\$28.500000
32.400000	31.000100	30.600100	29.996400	28.700000	28.500000
<u>57.500000</u>	<u>56.100000</u>	<u>55.700000</u>	<u>55.000000</u>	<u>53.800000</u>	<u>53.600000</u>

(continued)

**North Royalton City School District**  
*Property Tax Rates - Direct and Overlapping Governments (continued)*  
(per \$1,000 of assessed value)  
*Last Ten Years (1)*

	1999	2000	2001	2002
<b>Overlapping Rates by Taxing District</b>				
City of North Royalton				
Effective Millage Rates				
Residential/Agricultural	\$6.490900	\$6.470000	\$6.018800	\$6.349300
Commercial/Industrial	7.236800	7.213300	6.471200	6.797500
Tangible/Public Utility Personal	8.300000	8.300000	8.200000	8.200000
City of Broadview Heights				
Effective Millage Rates				
Residential/Agricultural	6.499600	6.491700	6.413200	6.410000
Commercial/Industrial	7.261800	7.245900	7.020400	6.991700
Tangible/Public Utility Personal	9.400000	9.400000	9.400000	9.400000
Cuyahoga County				
Effective Millage Rates				
Residential/Agricultural	11.423000	11.411400	11.396700	11.381500
Commercial/Industrial	12.406500	12.373600	11.929800	12.002300
Tangible/Public Utility Personal	13.750000	13.750000	14.650000	14.650000
Cuyahoga County Library				
Effective Millage Rates				
Residential/Agricultural	1.131500	1.397500	1.261000	1.258300
Commercial/Industrial	1.267500	1.388400	1.200600	1.198500
Tangible/Public Utility Personal	1.400000	1.400000	1.400000	1.400000
Cuyahoga Valley JVSD				
Effective Millage Rates				
Residential/Agricultural	2.000000	2.000000	2.000000	2.000000
Commercial/Industrial	2.000000	2.000000	2.000000	2.000000
Tangible/Public Utility Personal	2.000000	2.000000	2.000000	2.000000
Cleveland Metro Parks				
Effective Millage Rates				
Residential/Agricultural	1.429500	1.426700	1.281200	1.277100
Commercial/Industrial	1.508300	1.503900	1.324700	1.333500
Tangible/Public Utility Personal	1.550000	1.550000	1.550000	1.550000

(1) This levy was renewed in 2000. This levy was then combined with the 1996 emergency levy and renewed in 2005.

(2) This levy was renewed in 2001. This levy was then combined with the 1995 emergency levy and renewed in 2005.

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Real property tax rates for voted continuing and operating levies are reduced so that inflationary increases in value do not generate additional revenue.

**Source:** Ohio Department of Taxation



2003	2004	2005	2006	2007	2008
\$6.339500	\$6.139900	\$6.131600	\$6.120300	\$5.774100	\$5.770800
6.793600	6.625000	6.596800	6.625300	6.465800	6.468300
8.200000	8.200000	8.200000	8.200000	8.200000	8.200000
6.405700	6.343900	6.330900	6.326500	6.272500	6.273100
7.003000	6.956500	6.953400	6.953200	6.817300	6.814700
9.400000	9.400000	9.400000	9.400000	9.400000	9.400000
12.460900	13.442800	13.424600	14.172700	14.351600	14.355800
12.876400	14.736300	14.662400	15.281400	15.171600	15.121000
14.650000	16.450000	16.450000	16.450000	16.350000	16.350000
1.256500	1.159300	1.993100	1.993500	1.809300	1.808600
1.205000	1.171500	1.989200	2.000000	1.876400	1.871900
1.400000	1.400000	2.000000	2.000000	2.000000	2.000000
2.000000	2.000000	2.000000	2.000000	2.000000	2.000000
2.000000	2.000000	2.000000	2.000000	2.000000	2.000000
2.000000	2.000000	2.000000	2.000000	2.000000	2.000000
1.275800	1.166100	1.845700	1.846500	1.671500	1.672000
1.344700	1.316600	1.839700	1.850000	1.718700	1.712500
1.550000	1.550000	1.850000	1.850000	1.850000	1.850000

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

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1998	\$24,343,994	\$23,872,162	98.06%	\$383,286	\$24,255,448	99.64%
1999	25,670,639	24,888,533	96.95	515,750	25,404,283	98.96
2000	27,405,644	25,952,337	94.70	485,133	26,437,470	96.47
2001	27,755,925	26,898,677	96.91	600,751	27,499,428	99.08
2002	28,751,361	27,596,484	95.98	784,292	28,380,776	98.71
2003	36,339,103	32,846,659	90.39	1,015,315	33,861,974	93.18
2004	36,868,413	34,061,837	92.39	886,993	34,948,830	94.79
2005	37,663,289	35,455,548	94.14	900,530	36,356,078	96.53
2006	38,967,809	35,586,595	91.32	697,313	36,283,908	93.11
2007	38,310,937	36,802,765	96.06	971,671	37,774,436	98.60

**Source:** Office of the Auditor, Cuyahoga County, Ohio

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) The 2008 information cannot be presented because all collections have not been made by June 30, 2008.
- (3) The County does not maintain delinquency information by tax year.

**North Royalton City School District**

*Principal Taxpayers*

*Real Estate Tax*

*2008 and 1999*

Name of Taxpayer	2008	
	Assessed Value	Percent of Real Property Assessed Value
Spruce Lake, LTD	\$8,055,540	0.76%
Hampton Club Company	7,164,750	0.67
JVM Royal Oaks Apartments	7,087,500	0.67
JVM Dover Farms Apartments	5,651,460	0.53
I & J Associates, LTD	3,539,870	0.33
Deer Creek Apt. LTD	3,360,010	0.31
Oak Brook Garden Apartments	3,351,330	0.31
Pine Forest Apartments	3,202,500	0.30
Shadow Creek Enterprises, LTD	2,819,540	0.26
Timber Ridge Investments	2,647,020	0.25
<b>Total</b>	<b>\$46,879,520</b>	<b>4.39%</b>
<b>Total Assessed Valuation</b>	<b>\$1,067,608,740</b>	
Name of Taxpayer	1999	
	Assessed Value	Percent of Real Property Assessed Value
Royal Oaks	\$6,097,000	1.01%
M & J - Dover Farms Apartments	4,025,000	0.66
Gary Gross - Walnut Hills Apartments	3,640,000	0.60
MCI Telecommunications	3,591,000	0.59
Harley Gross - Deer Creek Apartments	3,558,100	0.59
Oak Brook Garden Apartments	3,541,720	0.58
Pine Forest Apartments	3,312,400	0.55
Somerset West Development Co.	2,730,000	0.45
Timber Ridge Investments	2,639,560	0.44
Spartan House, Ltd.	2,226,000	0.37
<b>Total</b>	<b>\$35,360,780</b>	<b>5.84%</b>
<b>Total Assessed Valuation</b>	<b>\$605,258,530</b>	

**Source:** Office of the Auditor, Cuyahoga County, Ohio

**North Royalton City School District**

*Principal Taxpayers*

*Tangible Personal Property Tax*

2008 and 1999

Name of Taxpayer	2008	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Ohio Bell Telephone Company	\$1,335,870	18.94%
Praxair Distribution, Inc.	1,015,720	14.40
WideOpenWest Cleveland LLC	704,150	9.98
Riser Foods Company	617,710	8.76
H & D Steel Service, Inc.	576,670	8.18
Sprint Nextel Corporation	485,040	6.88
Time Warner NY Cable LLC	709,030	10.05
Valley Tool & Die, Inc.	381,580	5.41
New Singular Wireless PCS LLC	333,540	4.73
Stevens Painton Corporation	320,570	4.55
<b>Total</b>	<b>\$6,479,880</b>	<b>91.88%</b>
<b>Total Assessed Valuation</b>	<b>\$7,052,513</b>	
Name of Taxpayer	1999	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Ameritech New Media, Inc.	\$1,580,770	7.45%
H & D Steel Service, Inc.	943,820	4.45
Stevens Painton Corp.	722,110	3.40
Riser Foods Co.	668,580	3.15
Krenz Krist Machine, Inc.	663,960	3.13
ICG Equipment, Inc.	659,250	3.11
Valley Tool & Die, Inc.	574,900	2.70
Transport Services, Inc.	537,720	2.53
Galley Printing Co.	376,220	1.77
Royal Wire Products, Inc.	371,570	1.75
<b>Total</b>	<b>\$7,098,900</b>	<b>33.44%</b>
<b>Total Assessed Valuation</b>	<b>\$21,230,513</b>	

Source: Office of the Auditor, Cuyahoga County, Ohio

**North Royalton City School District**

*Principal Taxpayers*

*Public Utilities Tax*

*2008 and 1999*

Name of Taxpayer	2008	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$10,512,190	73.42%
Columbia Gas of Ohio, Inc.	1,573,880	10.99
American Transmission System	1,163,330	8.12
<b>Total</b>	<b>\$13,249,400</b>	<b>92.53%</b>
<b>Total Public Utility Valuation</b>	<b>\$14,318,510</b>	

Name of Taxpayer	1999	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$13,798,460	43.37%
Ameritech	5,240,000	16.47
Columbia Gas of Ohio, Inc.	4,564,000	14.35
<b>Total</b>	<b>\$23,602,460</b>	<b>74.19%</b>
<b>Total Public Utility Valuation</b>	<b>\$31,814,060</b>	

**Source:** Office of the Auditor, Cuyahoga County, Ohio

**North Royalton City School District**

*Computation of Direct and Overlapping*

*Governmental Activities Debt*

*December 31, 2007*

	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount of Direct and Overlapping Debt</u>
Direct:			
North Royalton City School District General Obligation Bonds	<u>\$16,916,326</u>	100.00%	<u>\$16,916,326</u>
Overlapping:			
City of North Royalton			
General Obligation Bonds	5,223,142	98.56	5,147,929
Special Assessment Bonds	1,438,863	98.56	1,418,143
Capital Lease Obligations	334,589	98.56	329,771
Police and Fire Pension	128,063	98.56	126,219
Notes Payable	11,348,000	98.56	11,184,589
OPWC Loans	469,908	98.56	463,141
City of Broadview Heights			
General Obligation Bonds	5,800,242	18.38	1,066,084
Special Assessment Bonds	3,503,421	18.38	643,929
OWDA Loans	2,509,985	18.38	461,335
Revolving Loan	394,401	18.38	72,491
Capital Lease Obligations	30,570	18.38	5,619
Cuyahoga County			
General Obligation Bonds	188,814,000	3.05	5,758,827
Revenue Bonds	101,906,000	3.05	3,108,133
Capital Lease Obligations	27,003,000	3.05	823,592
Loans Payable	7,293,000	3.05	222,437
Regional Transit Authority			
General Obligation Bonds	150,118,731	3.05	4,578,621
SIB Loan	4,088,320	3.05	124,694
Capital Lease Obligation	<u>25,000,000</u>	3.05	<u>762,500</u>
Total Overlapping	<u>535,404,235</u>		<u>36,298,052</u>
Total	<u><u>\$552,320,561</u></u>		<u><u>\$53,214,378</u></u>

Source: Office of the Auditor, Cuyahoga County, Ohio

- (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 2007 collection year.

**North Royalton City School District**  
*Ratio of General Obligation Bonded Debt*  
*to Estimated Actual Value, Personal Income and Population*  
*Last Ten Fiscal Years*

Fiscal Year	Estimated Actual Value	Bonded Debt	Ratio of Bonded Debt to Estimated Actual Value	Ratio of Bonded Debt to Personal Income (1)	Bonded Debt per Capita (2)
1999	\$1,850,384,479	\$26,270,709	1.42 %	3.45 %	\$917
2000	1,929,211,316	25,035,709	1.30	3.28	874
2001	2,204,243,782	26,268,522	1.19	3.45	917
2002	2,281,519,925	25,164,136	1.10	3.30	878
2003	2,369,637,398	23,600,179	1.00	3.10	824
2004	2,579,101,652	22,455,319	0.87	2.95	784
2005	2,674,863,172	21,469,751	0.80	2.82	749
2006	2,839,598,678	19,898,979	0.70	2.61	695
2007	3,206,279,609	18,398,102	0.57	2.41	642
2008	3,179,421,928	16,916,326	0.53	2.22	590

(1) The personal income can be found on S22

(2) The population can be found S22

**Source:** Office of the Treasurer, North Royalton City School District, Cuyahoga County Auditor and the U.S. Census Bureau (Census 2000)

**North Royalton City School District**  
*Computation of Legal Debt Margin*  
*Last Ten Fiscal Years*

	1999	2000	2001	2002
Assessed Valuation	<u>\$658,303,103</u>	<u>\$682,491,726</u>	<u>\$776,240,489</u>	<u>\$799,108,850</u>
Debt Limit - 9% of Assessed Value (2)	\$59,247,279	\$61,424,255	\$69,861,644	\$71,919,797
Amount of Debt Outstanding				
General Obligation Bonds	26,270,709	25,035,709	26,268,522	24,235,000
Less Amount Available in Debt Service	<u>(1,514,584)</u>	<u>(1,914,221)</u>	<u>(2,142,384)</u>	<u>(2,535,911)</u>
Amount of Debt Subject to Limit	<u>24,756,125</u>	<u>23,121,488</u>	<u>24,126,138</u>	<u>21,699,089</u>
Overall Debt Margin	<u>\$34,491,154</u>	<u>\$38,302,767</u>	<u>\$45,735,506</u>	<u>\$50,220,708</u>
Legal Debt Margin as a Percentage of Debt Limit	58.22%	62.36%	65.47%	69.83%
Unvoted Legal Debt Limit - .10% of Assessed Value (2)	\$658,303	\$682,492	\$776,240	\$799,109
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Debt Margin	<u>\$658,303</u>	<u>\$682,492</u>	<u>\$776,240</u>	<u>\$799,109</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%

**Source:** Cuyahoga County Auditor and School District Financial Records

- (1) HB530 changed the assessed valuation utilized in the legal debt margin calculation to exclude tangible personal property as well as railroad and telephone tangible property.
- (2) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.



2003	2004	2005	2006 (1)	2007 (1)	2008 (1)
<u>\$829,799,476</u>	<u>\$900,028,570</u>	<u>\$934,832,584</u>	<u>\$945,027,390</u>	<u>\$1,063,016,700</u>	<u>\$1,078,890,160</u>
\$74,681,953	\$81,002,571	\$84,134,933	\$85,052,465	\$95,671,503	\$97,100,114
21,657,123 (2,388,460)	20,571,066 (2,782,034)	19,454,079 (3,130,487)	17,895,689 (3,282,793)	15,965,689 (3,546,596)	14,724,095 (3,763,757)
<u>19,268,663</u>	<u>17,789,032</u>	<u>16,323,592</u>	<u>14,612,896</u>	<u>12,419,093</u>	<u>10,960,338</u>
<u>\$55,413,290</u>	<u>\$63,213,539</u>	<u>\$67,811,341</u>	<u>\$70,439,569</u>	<u>\$83,252,410</u>	<u>\$86,139,776</u>
74.20%	78.04%	80.60%	82.82%	87.02%	88.71%
\$829,799	\$900,029	\$934,833	\$945,027	\$1,063,017	\$1,078,890
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$829,799</u>	<u>\$900,029</u>	<u>\$934,833</u>	<u>\$945,027</u>	<u>\$1,063,017</u>	<u>\$1,078,890</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**North Royalton City School District**  
*Demographic and Economic Statistics*  
*Last Nine Years (1)*

---



---

Year	Estimated Population	Total Personal Income	Personal Income Per Capita	Median Household Income	Median Age
2000	28,648	\$762,323,280	\$26,610	\$57,398	38.60
2001	28,648	762,323,280	26,610	57,398	38.60
2002	28,648	762,323,280	26,610	57,398	38.60
2003	28,648	762,323,280	26,610	57,398	38.60
2004	28,648	762,323,280	26,610	57,398	38.60
2005	28,648	762,323,280	26,610	57,398	38.60
2006	28,648	762,323,280	26,610	57,398	38.60
2007	28,648	762,323,280	26,610	57,398	38.60
2008	28,648	762,323,280	26,610	57,398	38.60

Source: 2000 U.S. Census Bureau

1) Information prior to 2000 not available

2) Information includes only the City of North Royalton.

Median Value of Residential Property	Cuyahoga County Unemployment Rate	Total Assessed Property Value
\$175,000	4.5%	\$682,491,726
175,000	4.5	776,240,489
175,000	4.6	799,108,850
175,000	6.7	829,799,476
175,000	6.6	900,028,570
175,000	5.9	934,832,584
175,000	5.6	978,685,100
175,000	5.5	1,090,648,882
175,000	5.7	1,088,979,763

**North Royalton City School District**  
*Principal Employers*  
*December 31, 2007 and December 31, 2005 (1)*

<b>2007</b>			
Employer	City	Nature of Business or Activity	Number of Employees
North Royalton City School District	North Royalton	Public Education	578
Patrician Inc.	North Royalton	Nursing Home	299
City of North Royalton	North Royalton	Government	252
Riser Foods Company	North Royalton	Grocery Store	185
Commercial Drivers	North Royalton	Transportation	150
Northeast Care Center Inc.	North Royalton	Residential/Habilitative Services for the Disabled	131
Krenz Krist	North Royalton	Metal Fabricators	58
Valley Tool & Die Inc.	North Royalton	Machining Fasteners	58
Royal Wire Products Inc.	North Royalton	Wire Products	50
Seneca Tape and Label, Inc.	North Royalton	Tape and Label Services	40
Total			<u>1,801</u>
Total Employment within the School District			<u>n/a</u>

<b>2005</b>			
Employer	City	Nature of Business or Activity	Number of Employees
North Royalton City School District	North Royalton	Public Education	575
Patrician Inc.	North Royalton	Nursing Home	299
City of North Royalton	North Royalton	Government	254
Riser Foods Company	North Royalton	Grocery Store	185
Commercial Drivers	North Royalton	Transportation	169
Northeast Care Center Inc.	North Royalton	Residential/Habilitative Services for the Disabled	150
Krenz Krist	North Royalton	Metal Fabricators	75
Valley Tool & Die Inc.	North Royalton	Machining Fasteners	64
Royal Wire Products Inc.	North Royalton	Wire Products	50
Seneca Tape and Label, Inc.	North Royalton	Tape and Label Services	40
Total			<u>1,861</u>
Total Employment within the School District			<u>n/a</u>

**Source:** City of North Royalton, Ohio

(1) Information prior to 2005 not available.

n/a - Information not available

**North Royalton City School District**  
*Building Statistics by Function/Program*  
*Last Five Fiscal Years (1)*

	2004	2005	2006	2007	2008
<b>Albion Elementary School</b>					
Constructed in 1955					
Total Building Square Footage	45,405	45,505	45,505	45,505	45,405
Enrollment Grades 1 - 4	396	372	365	382	390
Student Capacity	476	476	476	476	476
Regular Instruction Classrooms	20	18	18	18	18
Regular Instruction Teachers	20	18	18	18	18
Special Instruction Classrooms	3	3	3	3	3
Special Instruction Teachers	3	3	3	3	3
<b>Royal View Elementary School</b>					
Constructed in 1965					
Total Building Square Footage	48,460	48,460	48,460	48,460	48,460
Enrollment Grades 1 - 4	481	439	420	439	445
Student Capacity	525	525	525	525	525
Regular Instruction Classrooms	24	24	24	25	25
Regular Instruction Teachers	24	24	24	25	25
Special Instruction Classrooms	2	2	3	3	3
Special Instruction Teachers	2	2	3	3	3
<b>Valley Vista Elementary School</b>					
Constructed in 1959					
Total Building Square Footage	42,536	42,536	42,536	42,536	42,536
Enrollment Grades 1 - 4	338	380	403	430	423
Student Capacity	426	426	426	426	426
Regular Instruction Classrooms	18	19	18	18	18
Regular Instruction Teachers	18	19	18	18	18
Special Instruction Classrooms	2	2	2	2	2
Special Instruction Teachers	2	2	2	2	2

(continued)

**North Royalton City School District**  
*Building Statistics by Function/Program (continued)*  
*Last Five Fiscal Years (1)*

	2004	2005	2006	2007	2008
<b>North Royalton Middle School</b>					
Constructed in 1996					
Total Building Square Footage	242,400	242,400	242,400	242,400	242,400
Enrollment Grades 5 - 8	1,460	1,438	1,404	1,425	1,416
Student Capacity	1,300	1,300	1,300	1,300	1,300
Regular Instruction Classrooms	58	61	64	64	64
Regular Instruction Teachers	58	61	64	64	10
Special Instruction Classrooms	11	11	10	10	10
Special Instruction Teachers	11	11	10	10	10
<b>High School</b>					
Constructed in 1950					
Total Building Square Footage	260,900	260,900	260,900	260,900	260,900
Enrollment Grades 9 - 12	1,488	1,541	1,644	1,660	1,667
Student Capacity	1,480	1,480	1,480	1,480	1,480
Regular Instruction Classrooms	61	64	64	64	64
Regular Instruction Teachers	61	64	64	64	64
Special Instruction Classrooms	8	8	9	9	9
Special Instruction Teachers	8	8	9	9	9

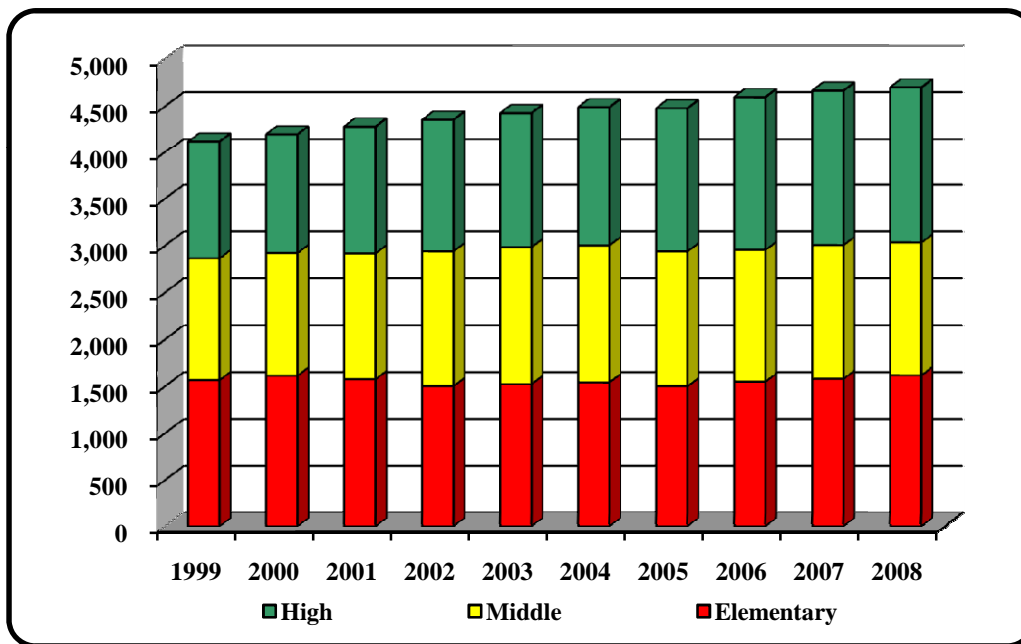
(1) Information prior to 2004 is not available.

## North Royalton City School District

### *Enrollment Statistics*

#### *Last Ten Fiscal Years*

Fiscal Year	Elementary Schools (1)	Middle School	High School	Total
1999	1,567	1,299	1,258	4,124
2000	1,614	1,308	1,280	4,202
2001	1,577	1,341	1,367	4,285
2002	1,503	1,437	1,417	4,357
2003	1,524	1,459	1,445	4,428
2004	1,543	1,460	1,488	4,491
2005	1,501	1,438	1,541	4,480
2006	1,551	1,404	1,644	4,599
2007	1,581	1,425	1,660	4,666
2008	1,618	1,416	1,667	4,701



Source: North Royalton City School Records

(1) Enrollment includes Kindergarten students

**North Royalton City School District**

*Per Pupil Cost*

*Last Ten Fiscal Years*

Fiscal Year	Student Enrollment		General Governmental	
	Average Enrollment	Percentage of Change	Total Expenditures (1)	Per Pupil Cost
1999	4,124	(2.78) %	\$27,373,355	\$6,638
2000	4,202	1.89	29,949,241	7,127
2001	4,285	1.98	31,921,671	7,450
2002	4,357	1.68	34,978,226	8,028
2003	4,428	1.63	35,301,382	7,972
2004	4,491	1.42	38,102,218	8,484
2005	4,480	(0.24)	41,194,900	9,195
2006	4,599	2.66	42,264,021	9,190
2007	4,666	1.46	44,943,823	9,632
2008	4,701	0.75	47,740,412	10,155

(1) Debt Service totals have been excluded.

(2) The School District implemented GASB-34 in fiscal year 2003.



Governmental Activities		Food Service Operations	
Total Expenses (1)(2)	Per Pupil Cost	Number of Students Receiving Free or Reduced Lunch	Percentage of Free or Reduced Lunches to Total Enrollment
N/A	N/A	323	7.83%
N/A	N/A	283	6.73
N/A	N/A	290	6.77
N/A	N/A	275	6.31
\$36,357,072	\$8,211	303	6.84
38,249,947	8,517	377	8.39
41,768,390	9,323	394	8.79
43,196,390	9,393	429	9.33
45,939,730	9,846	433	9.28
48,488,207	10,314	557	11.85

**North Royalton City School District**  
*School District Employees by Function/Program*  
*Last Eight Fiscal Years (1)*

Function/Program	2001	2002	2003
<b>Regular Instruction</b>			
Elementary Classroom Teachers	78	76	75
Middle School Classroom Teachers	69	69	71
High School Classroom Teachers	66	66	66
<b>Special Instruction</b>			
Small Group Instructors	6	8	10
Elementary Classroom Teachers	9	9	9
Gifted Education Teachers	3	3	3
Middle School Classroom Teachers	10	10	10
High School Classroom Teachers	5	7	7
<b>Vocational Instruction</b>			
High School Classroom Teachers	2	2	2
<b>Pupil Support Services</b>			
Guidance Counselors	11	11	11
Media Specialists	4	4	4
Psychologists	4	5	5
Speech & Language Pathologists	4	4	4
<b>Administrators</b>			
Elementary	3	3	3
Middle School	4	4	3
High School	4	4	4
Districtwide	4	4	5
Total Certificated Staff	286	289	292
<b>Support Staff</b>			
Elementary Schools	57	57	56
Middle School	49	54	55
High School	49	53	52
Districtwide	69	67	70
Total Support Staff	224	231	233
Total Staffing	510	520	525

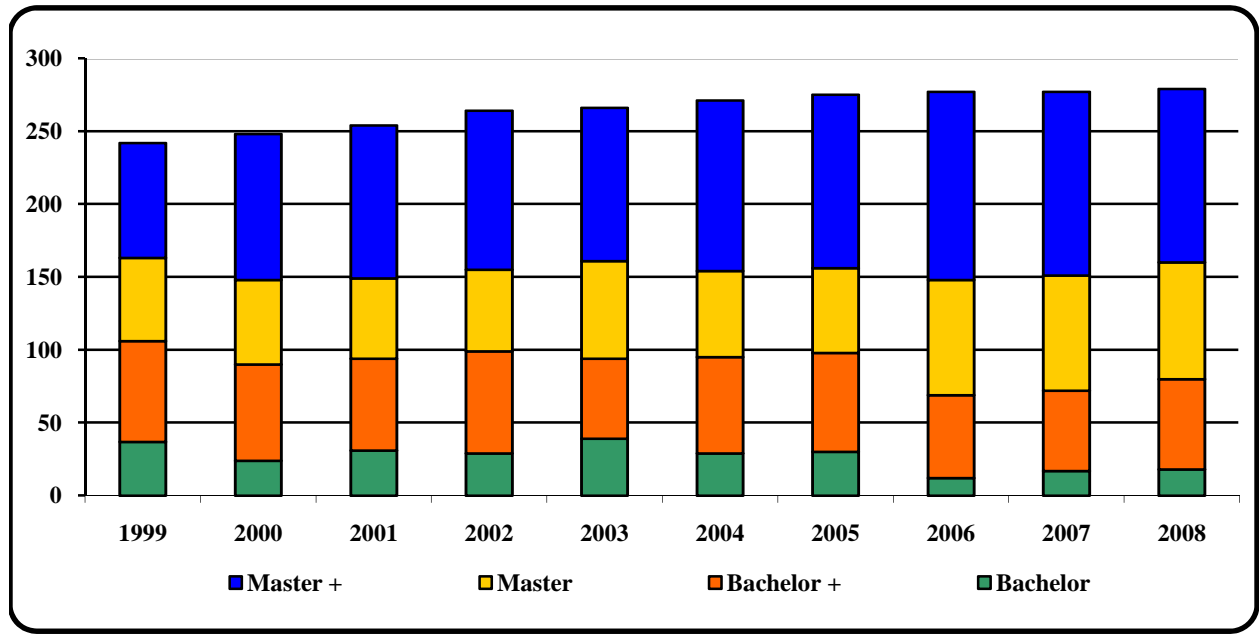
**Method:** Using 1.0 for each full-time employee at fiscal year end.

(1) Information prior to 2001 is not available.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
76	75	76	82	83
69	72	74	74	74
67	70	71	73	75
7	6	10	10	10
9	10	12	13	13
3	3	3	3	3
11	11	10	10	10
8	8	9	9	9
2	2	2	2	2
10	10	11	11	10
4	4	2	4	4
5	6	6	6	5
4	4	4	5	6
3	3	4	4	4
3	3	3	3	4
4	4	4	5	5
5	5	5	5	5
<u>290</u>	<u>296</u>	<u>306</u>	<u>319</u>	<u>322</u>
63	70	72	74	72
54	52	52	53	54
51	51	54	54	53
75	72	77	75	77
<u>243</u>	<u>245</u>	<u>255</u>	<u>256</u>	<u>256</u>
<u>533</u>	<u>541</u>	<u>561</u>	<u>575</u>	<u>578</u>

**North Royalton City School District**  
*Full-Time Equivalent Teachers by Education*  
*Last Ten Fiscal Years*

Degree	1999	2000	2001	2002	2003
Bachelor	37	24	31	29	39
Bachelor +6	11	12	9	13	6
Bachelor +12	8	8	7	7	12
Bachelor +18	14	8	11	10	7
Bachelor +24	6	6	4	7	8
Bachelor +30	30	32	32	33	22
Master	57	58	55	56	67
Master +6	33	32	27	27	21
Master +12	19	37	43	43	44
Master +18	7	9	12	12	16
Master +24	6	9	6	10	5
Master +30	5	1	7	4	4
Master +36	1	3	3	3	4
Master +42	3	1	0	2	2
Master +48	5	8	7	8	9
<b>Total</b>	<b>242</b>	<b>248</b>	<b>254</b>	<b>264</b>	<b>266</b>



(1) Information prior to 1999 is not available.

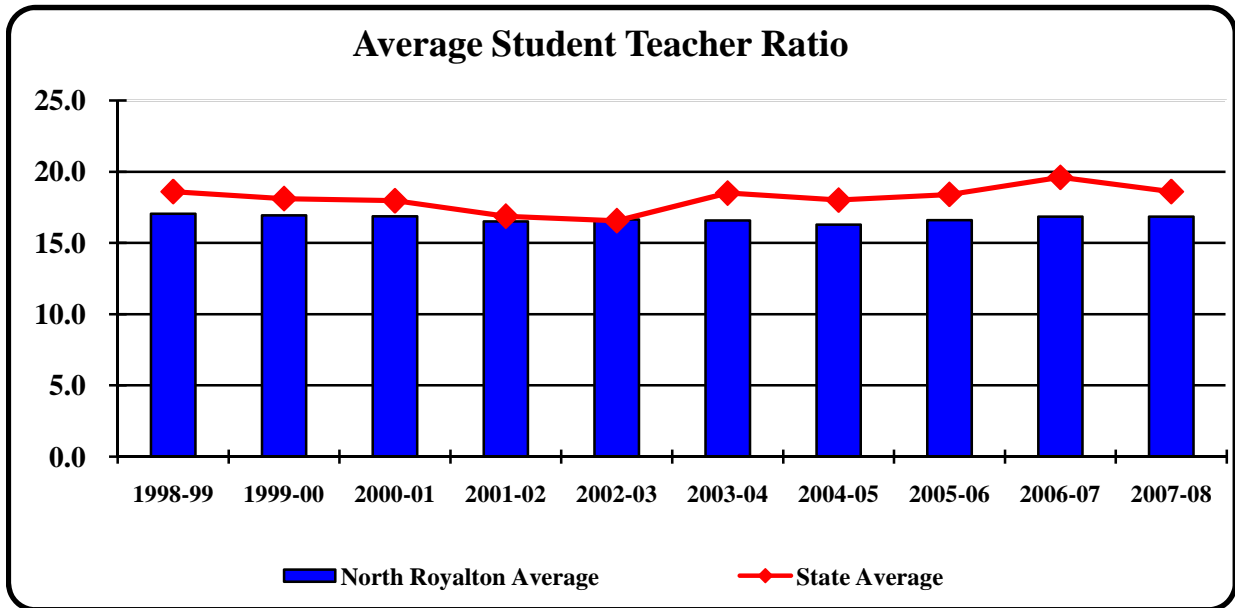
Source: School District Records

2004	2005	2006	2007	2008
29	30	12	17	18
8	9	8	9	10
13	13	8	9	13
11	11	10	10	11
8	9	8	7	6
26	26	23	20	22
59	58	79	79	80
23	23	28	26	26
45	46	45	45	48
20	20	19	21	21
6	7	8	6	6
7	7	7	6	4
4	4	10	8	3
2	2	0	2	1
10	10	12	12	10
<u>271</u>	<u>275</u>	<u>277</u>	<u>277</u>	<u>279</u>

**North Royalton City School District**  
*Average Number of Students per Teacher*  
*Last Ten School Years*

School Year	North Royalton Average	State Average
1998 - 1999	17.0	18.6
1999 - 2000	16.9	18.1
2000 - 2001	16.9	18.0
2001 - 2002	16.5	16.9
2002 - 2003	16.6	16.6
2003 - 2004	16.6	18.5
2004 - 2005	16.3	18.0
2005 - 2006	16.6	18.4
2006 - 2007	16.8	19.6
2007 - 2008	16.8	18.6

Source: Ohio Department of Education, EMIS Reports





**Mary Taylor, CPA**  
Auditor of State

**NORTH ROYALTON CITY SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 8, 2009**