



Dave Yost • Auditor of State



# OHIO AUDITOR OF STATE KEITH FABER



January 17, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

Ohio Auditor of State

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**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program (SBP)	10.553	N/A	\$ 45,007
National School Lunch Program (NSLP)	10.555	N/A	262,813
National School Lunch Program (NSLP) - Non-Cash	10.555	N/A	<u>110,710</u>
Total Child Nutrition Cluster			<u>418,530</u>
Total U.S. Department of Agriculture			<u>418,530</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Direct Program</i>			
Miscellaneous Federal Grant - Drug Free Communities - 2017	93.276	N/A	11,954
Miscellaneous Federal Grant - Drug Free Communities - 2018	93.276	N/A	<u>118,068</u>
Total Miscellaneous Federal Grant - Drug Free Communities			<u>130,022</u>
Total U.S. Department of Health and Human Services			<u>130,022</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) - 2018	84.010	N/A	<u>324,988</u>
Total Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			324,988
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B) - 2017	84.027	N/A	134,347
Special Education - Grants to States (IDEA, Part B) - 2018	84.027	N/A	<u>764,565</u>
Total Special Education - Grants to States (IDEA, Part B)			898,912
Special Education - Preschool Grants (IDEA Preschool) - 2018	84.173	N/A	<u>17,131</u>
Total Special Education - Preschool Grants (IDEA Preschool)			17,131
Total Special Education Cluster (IDEA)			<u>916,043</u>
Title III, Part A, English Language Acquisition State Grants (LEP) - 2017	84.365	N/A	2,349
Title III, Part A, English Language Acquisition State Grants (LEP) - 2018	84.365	N/A	24,933
Title III, Part A, English Language Acquisition State Grants (Immigrant) - 2018	84.365	N/A	<u>2,131</u>
Total Title III, Part A, English Language Acquisition State Grants			29,413
Title II, Part A, Improving Teacher Quality State Grants - 2017	84.367	N/A	2,701
Title II, Part A, Improving Teacher Quality State Grants - 2018	84.367	N/A	<u>66,117</u>
Total Title II, Part A, Improving Teacher Quality State Grants			68,818
Title IV, Part A, Student Support and Academic Enrichment Program - 2018	84.424	N/A	<u>9,975</u>
Total Title IV, Part A, Student Support and Academic Enrichment Program			9,975
Total U.S. Department of Education			<u>1,349,237</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,897,789</u></b>

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

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of North Royalton City School District (the District) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE D – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE E - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE F – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2017 to 2018 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 629
Special Education – Grants to States	84.027	\$ 21,621
Title II, Part A, Improving Teacher Quality Grants	84.367	\$ 225

CFDA – Catalog of Federal Domestic Assistance.

N/A – Not applicable.





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2018. We noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 21, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the North Royalton City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the North Royalton City School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the North Royalton City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

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 (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 21, 2018. Our opinion also explained that the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75 during the year. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 21, 2018

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B) - CFDA #84.027 Special Education - Preschool Grants (IDEA Preschool) - CFDA #84.173
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	Yes

**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*



***"We Inspire and Empower Learners"***

*Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018*





*North Royalton, Ohio  
City School District*

*Comprehensive  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2018*

*Prepared by  
Treasurer's Office  
Biagio Sidoti, CPA  
Treasurer*



# INTRODUCTORY SECTION



**North Royalton City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2018*  
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# North Royalton City Schools

## Administrative Office

6579 Royalton Road • North Royalton, Ohio 44133  
Phone (440) 237-8800 • Fax (440) 582-7336 • www.northroyaltonsd.org

December 21, 2018

Board of Education Members  
North Royalton City School District

**Gregory Gurka**  
*Superintendent*  
(440) 582-9030

**Biagio Sidoti**  
*Treasurer*  
(440) 582-9045

**James Presot**  
*Assistant Superintendent*  
(440) 582-9034

**Patrick Farrell**  
*Director of Personnel*  
(440) 582-9036

**Melissa Vojta**  
*Director of Curriculum and Instruction*  
(440) 582-9038

**Julie Bogden**  
*Director of Pupil Services*  
(440) 582-9143

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, 2018. 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 2018, the School District was audited by the Auditor of State's Office. Their unmodified 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 99 percent of the City of North Royalton and 22.5 percent of the City of Broadview Heights (1 percent of the City of North Royalton and 77.5 percent of the City of Broadview Heights are in the Brecksville-Broadview Heights City School District). The School District is bounded by the City of Parma on the north, the City of Broadview Heights on the east, the City of Strongsville on the west and Medina County on the south.



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

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

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 kindergarten through 4.
- Royal View Elementary School built in 1965 with an addition in 1988 houses students in pre-kindergarten through 4.
- Valley Vista Elementary School built in 1959 with additions in 1961 and 1988 houses students in kindergarten through 4.

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," and Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the North Royalton City School District (the primary government) and its potential component units. The School District is not a component unit and has no component units.

The School District is associated with Connect, 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 growth. The 2010 U.S. Census data reports a population of 30,444 in the City of North Royalton. This represents a 6.3 percent increase since the 2000 census. The median household income is \$61,954.

The North Royalton City School District receives almost 69 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 fell by nearly 1 percent in the last ten years. The value change in the duplicate is due to revisions in property values made by the County Fiscal Officer every three years and new construction taking place in the School District.

Enrollment for fiscal year 2009 was 4,647 students. Enrollment for fiscal year 2018 was 4,130 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 April 2015 indicated the growth in the student population will stabilize and have a gradual decline. Student enrollment projections for fiscal year 2026 estimate an enrollment of 4,062 students.

## **Educational Program**

During fiscal year 2018, the School District's curriculum included a wide range of electives and comprehensive courses of study in college preparatory, liberal arts and technical career programs. The School District offers advanced placement courses at the high school in Calculus AB, Calculus BC, English Literature and Composition, Macroeconomics, Microeconomics, Physics I, Physics II, Psychology, Spanish, Statistics, U.S. Government and Politics, and U.S. History. The Class of 2018 had three National Merit finalists, one National Merit commended student, and 109 AP scholars.

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 Suburban League for students in grades 7 through 12.

Ninety-three percent of the high school graduates last year indicated they intended to continue their education at the university or college level with 74 percent attending a four-year college and 19 percent attending a two-year college. The high school offers 198 courses on the main campus with an additional 50 vocational offerings at Cuyahoga Valley Career Center. Additional academic statistics from the Class of 2018 include: 36 percent received an Honors Diploma, 15 percent were members of the National Honor Society, 35 students graduated Magna Cum Laude and 35 students graduated Summa Cum Laude.

## **Major Initiatives**

### ***2017-2018 School Year:***

- Began vertical curriculum alignment initiatives across all subject areas to focus efforts on how student-centered learning can be a focus in classrooms.
- Began computer science elective courses at the high school, with a great response from students. Support comes in from business partners through the TEALS program.
- Implemented APEX credit recovery programs at the high school for a small number of students.
- Conducted curricular and resource reviews in the areas of science at grades K-8, and social studies in grades 6-8. Decisions were made to purchase online "techbooks" through Discovery Education for students in grades 4-7 (science) and 6-8 (social studies). Elementary teachers in grades K-3 will utilize the Discovery Education resources for science, as well. Implementation will take place during the 18-19 school year.
- Provided training and professional development for second grade teachers on Wilson Reading Foundations to be implemented next school year. This will complete our School District initiative to have consistent phonics instruction across grades K-2 at all buildings.
- Student achievement data monitored closely through the School District Leadership Team and Building Leadership Teams to identify gaps that are in need of further professional development. Reestablished the Elementary Leadership Team to support vertical curriculum alignment efforts and efforts towards more Depth of Knowledge.
- Offered additional training and coaching to engage additional teachers and administrators to become Google Level 1 Certified Educators.
- Continued to address the mandates of the Third Grade Reading Guarantee. 100 percent of our third graders from the 17-18 school year met the requirements by law.

***For the Future:***

- Enhance computer science offerings by adding AP Computer Science for students.
- Professional development and programming to support digital assessment tools; implementation of Edulastic at both the middle and high schools.
- Implementation of APEX tutorials for all ninth and tenth grade students to support standards-based digital support of content taught in the classrooms.
- Curricular review of mathematics programming and resource needs in grades K-8.
- More professional development and training around readers' and writers' workshops in grades 4-8, as well as standards-based digital support through Achieve3000.
- Continue review of technology curriculum for grades K-8 as we look to expand STEM offerings.
- Analyze numbers of students participating in College Credit Plus courses and consider additional offerings.
- Implement Wilson Reading Foundations in all second grade classrooms to continue consistent tier one phonics instruction at the primary grades.
- Analyze student achievement data through item analysis tools provided by the state to identify gaps and areas in need.

**Long-Term Planning**

The School District has placed an emphasis on long-term planning. The administrative staff meets yearly to review and discuss staffing levels for the next five years in light of enrollment changes and program requirements. Enrollment projections are completed by professional demographers and the results are analyzed and incorporated into the operating and capital budget projections for the next five year period. Operating budget costs and capital expenditure needs are also reviewed and analyzed during these meetings. The central office administrative staff meets for two days in late July or early August and reviews three years of actual line item expenditures, considers educational and facility needs to establish the current year budget. Our student academic needs and high performance expectations have placed stress to our aging facilities as it relates to our operating and capital budgets in the short-term. Our community passed an \$88.9 million bond issue in May 2017 along with a .5 mill continuing permanent improvement maintenance fund levy. We are currently in the design and development phase of constructing a new elementary building to replace our existing three elementary buildings, renovating our middle school, and adding to and renovating our high school.

**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 to 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, 2017. 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 Fiscal Officer'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 **Dave Yost'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,



Biagio Sidoti, CPA  
Treasurer



Gregory Gurka  
Superintendent

**North Royalton City School District**

*Principal Officials*

*June 30, 2018*

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***Board of Education***

Dr. Susan Clark .....President  
Dr. John Kelly.. ..... Vice President  
Ms. Jacquelyn Arendt..... Member  
Ms. Heidi Dolezal..... Member  
Ms. Anne Reinkober..... Member

***Treasurer***

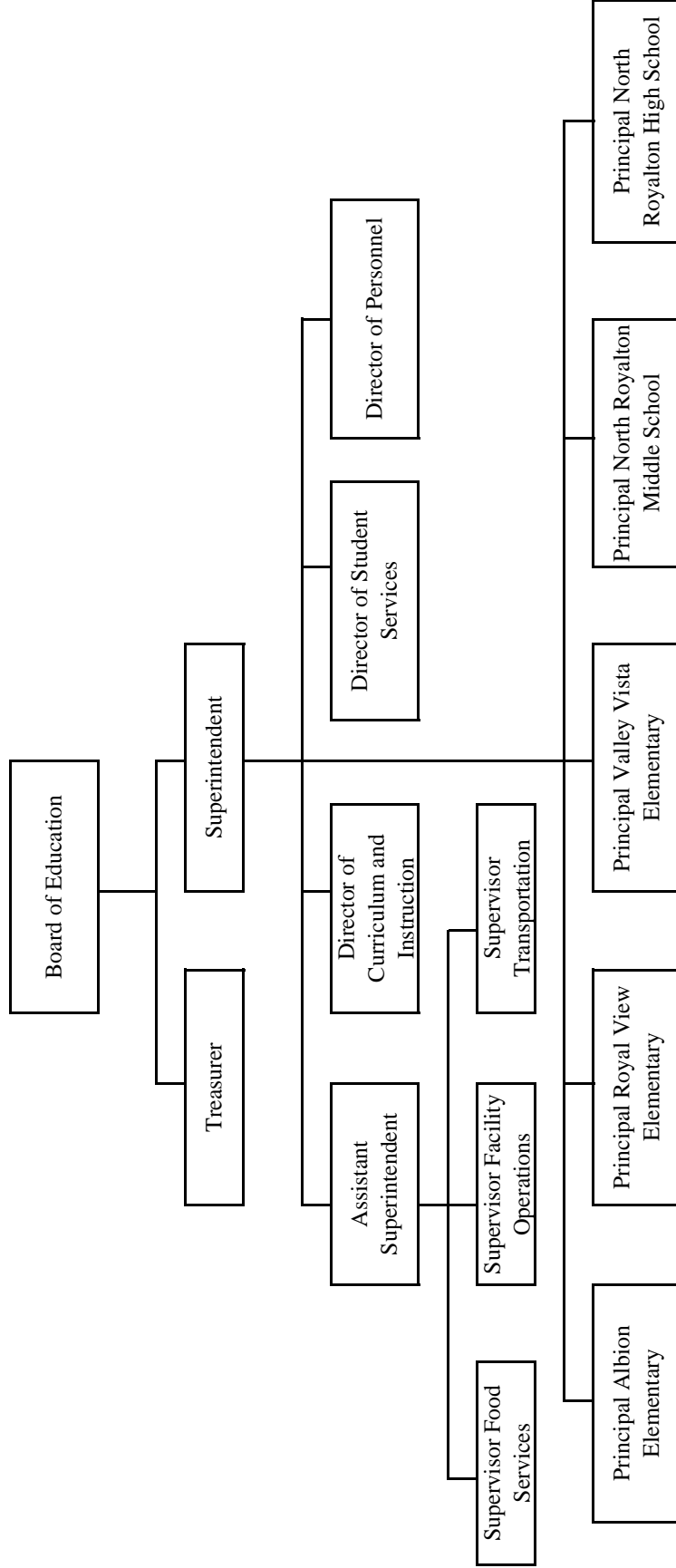
Mr. Biagio Sidoti, CPA

***Administration***

Mr. Greg Gurka ..... Superintendent  
Mr. James J. Presot.....Assistant Superintendent  
Mr. Patrick Farrell ..... Director of Personnel  
Ms. Melissa Vojta..... Director of Curriculum and Instruction  
Ms. Julie Bogden ..... Director of Pupil Services

North Royalton City School District

Organizational Chart





Government Finance Officers Association

**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, 2017**

*Christopher P. Morvill*

Executive Director/CEO

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# FINANCIAL SECTION





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. 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 section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 21, 2018

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**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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The discussion and analysis of North Royalton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. 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 fiscal year 2018 are as follows:

- ❑ Total net position increased during fiscal year 2018 primarily due to the decrease in the School District's net pension liability. The net pension liability decrease represents the School District's proportionate share of the pension plans' unfunded benefits. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.
- ❑ The largest component of the significant decrease in program expenses for fiscal year 2018 resulted from changes in assumptions and benefit terms related to pensions. As a result of these changes, pension expense decreased from \$6,804,553 in fiscal year 2017 to a negative pension expense of \$21,228,706 for fiscal year 2018.
- ❑ For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$43,543,388) to (\$62,153,582).
- ❑ On May 2, 2017, the School District passed an \$88.9 million bond issue, along with a .5 mill continuing permanent improvement maintenance fund levy. On July 25, 2017, the School District issued \$88,900,000 in general obligation bonds, which included serial and term bonds. The School District is currently in the design and development phase to build one new elementary school to replace the three existing buildings, renovate and build new sections at the high school, and renovate the middle school.
- ❑ The School District's governmental funds reported a large increase in combined fund balances for fiscal year 2018 primarily due to the issuance of general obligation bonds. A majority of the fund balance at fiscal year-end is restricted for capital improvements.

### **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.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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

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

#### *Statement of Net Position 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 fiscal year 2018?" The statement of net position 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 position and changes in net position. This change in net position 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 position 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 14. 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, bond retirement debt service, and building capital projects 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 position 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, 2018*  
*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 position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2018 compared to 2017:

**Table 1**  
 Net Position  
 Governmental Activities

	2018	2017	Change
<b>Assets</b>			
Current and Other Assets	\$161,058,357	\$60,471,309	\$100,587,048
Capital Assets, Net of Depreciation	20,111,731	20,714,819	(603,088)
<b>Total Assets</b>	<b>181,170,088</b>	<b>81,186,128</b>	<b>99,983,960</b>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	27,088	60,491	(33,403)
Pension	18,822,251	16,306,689	2,515,562
OPEB	639,174	123,397	515,777
<b>Total Deferred Outflows of Resources</b>	<b>19,488,513</b>	<b>16,490,577</b>	<b>2,997,936</b>
<b>Liabilities</b>			
Current and Other Liabilities	6,089,553	5,814,751	(274,802)
Long-Term Liabilities:			
Due Within One Year	2,814,141	2,497,036	(317,105)
Due in More Than One Year:			
Net Pension Liability	64,361,791	91,224,372	26,862,581
Net OPEB Liability	14,490,612	18,733,591	4,242,979
Other Amounts	105,439,934	8,185,104	(97,254,830)
<b>Total Liabilities</b>	<b>193,196,031</b>	<b>126,454,854</b>	<b>(66,741,177)</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes	37,112,400	31,913,973	(5,198,427)
Pension	5,161,415	1,461,460	(3,699,955)
OPEB	2,242,232	0	(2,242,232)
<b>Total Deferred Inflows of Resources</b>	<b>44,516,047</b>	<b>33,375,433</b>	<b>(11,140,614)</b>
<b>Net Position</b>			
Net Investment in Capital Assets	13,935,005	13,734,097	200,908
Restricted	3,141,257	4,769,843	(1,628,586)
Unrestricted (Deficit)	(54,129,739)	(80,657,522)	26,527,783
<b>Total Net Position</b>	<b>(\$37,053,477)</b>	<b>(\$62,153,582)</b>	<b>\$25,100,105</b>

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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The net pension liability (NPL) is one of the largest single liabilities reported by the School District at June 30, 2018, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed that follow, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained previously, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$43,543,388) to (\$62,153,582).

Total net position increased during fiscal year 2018 primarily due to the decrease in the School District's net pension liability. The net pension liability decrease represents the School District's proportionate share of the pension plans' unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability. Management continues to diligently plan expenses, staying carefully within the School District's revenues.

Current and other assets increased significantly due to an increase in cash and cash equivalents, as well as a smaller increase in taxes receivable. The increase in cash and cash equivalents was due to the issuance of bonds during fiscal year 2018 that have yet to be spent for capital improvements. This increase in cash and cash equivalents was offset by a corresponding increase in long-term liabilities related to the bonds. The increase in property taxes receivable was due to the approval of a bond levy and an additional .5 mill permanent improvement levy on May 2, 2017.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

Table 2 shows total revenues, expenses and changes in net position for fiscal years 2018 and 2017.

**Table 2**  
Governmental Activities

	2018	2017	Change
<b>Program Revenues</b>			
Charges for Services and Sales	\$2,260,217	\$2,486,168	(\$225,951)
Operating Grants and Contributions	3,492,591	3,537,144	(44,553)
Capital Grants and Contributions	2,550	6,530	(3,980)
<b>Total Program Revenues</b>	<b>5,755,358</b>	<b>6,029,842</b>	<b>(274,484)</b>
<b>General Revenues</b>			
Property Taxes	41,007,642	34,537,096	6,470,546
Grants and Entitlements not Restricted to Specific Programs	11,504,698	11,613,878	(109,180)
Unrestricted Contributions	5,264	10,078	(4,814)
Investment Earnings	1,294,984	188,609	1,106,375
Gain on Sale of Capital Assets	2,580	0	2,580
Gain on Disposal of Capital Assets	17,579	0	17,579
Miscellaneous	262,472	232,352	30,120
<b>Total General Revenues</b>	<b>54,095,219</b>	<b>46,582,013</b>	<b>7,513,206</b>
<b>Total Revenues</b>	<b>59,850,577</b>	<b>52,611,855</b>	<b>7,238,722</b>
<b>Program Expenses</b>			
Instruction:			
Regular	9,755,518	28,831,613	19,076,095
Special	3,382,960	5,934,743	2,551,783
Vocational	49,795	41,317	(8,478)
Student Intervention Services	6,146	15,226	9,080
Support Services:			
Pupil	1,647,982	3,576,887	1,928,905
Instructional Staff	1,895,200	2,625,927	730,727
Board of Education	37,086	40,693	3,607
Administration	1,997,142	3,416,118	1,418,976
Fiscal	1,275,276	1,281,149	5,873
Business	185,435	342,845	157,410
Operation and Maintenance of Plant	3,292,862	3,834,145	541,283
Pupil Transportation	4,661,082	3,637,259	(1,023,823)
Central	119,071	269,742	150,671
Operation of Non-Instructional Services	1,116,513	1,161,383	44,870
Operation of Food Services	1,080,529	1,216,332	135,803
Extracurricular Activities	667,264	1,321,659	654,395
Interest and Fiscal Charges	3,580,611	248,064	(3,332,547)
<b>Total Program Expenses</b>	<b>34,750,472</b>	<b>57,795,102</b>	<b>23,044,630</b>
<b>Change in Net Position</b>	<b>25,100,105</b>	<b>(5,183,247)</b>	<b>30,283,352</b>
<b>Net Position Beginning of Year</b>	<b>(62,153,582)</b>	<b>N/A</b>	
<b>Net Position End of Year</b>	<b>(\$37,053,477)</b>	<b>(\$62,153,582)</b>	<b>\$25,100,105</b>

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$123,397 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$2,359,904. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$34,750,472
Negative OPEB expense under GASB 75	2,359,904
2018 contractually required contribution	<u>156,620</u>
Adjusted 2018 program expenses	37,266,996
Total 2017 program expenses under GASB 45	<u>57,795,102</u>
Decrease in program expenses not related to OPEB	<u><u>(\$20,528,106)</u></u>

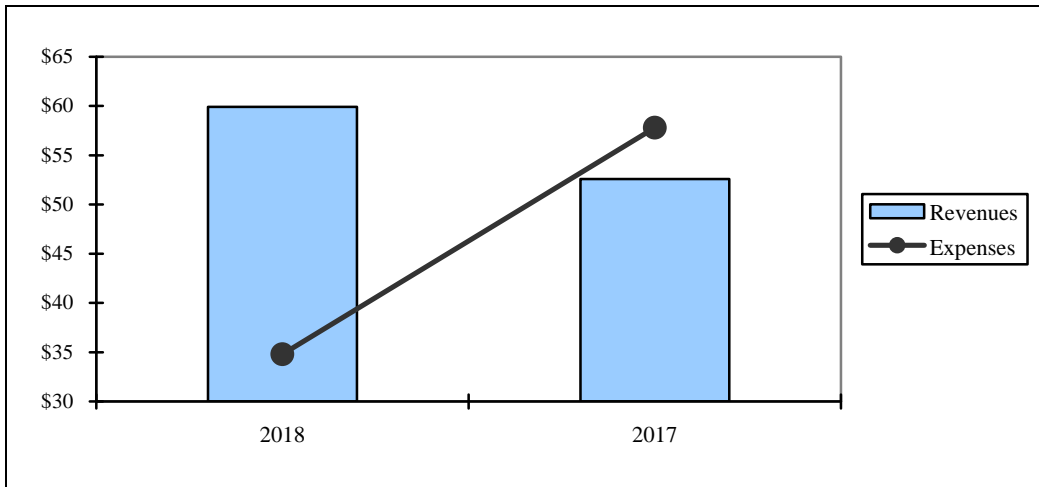
The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption (see Note 21). As a result of these changes, pension expense decreased from \$6,804,553 in fiscal year 2017 to a negative pension expense of \$21,228,706 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

<b>Program Expenses</b>	<b>2018 Program Expenses Related to Negative Pension Expense</b>
Instruction:	
Regular	(\$14,935,287)
Special	(2,188,415)
Support Services:	
Pupil	(1,398,194)
Instructional Staff	(475,714)
Board of Education	(2,276)
Administration	(1,042,772)
Fiscal	(56,824)
Business	(116,258)
Operation and Maintenance of Plant	(235,230)
Pupil Transportation	(208,574)
Central	(89,541)
Operation of Food Services	(54,526)
Extracurricular Activities	<u>(425,095)</u>
Total Expenses	<u><u>(\$21,228,706)</u></u>

**North Royalton City School District**  
*Management's Discussion and Analysis*  
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**Graph 1**  
 Revenues and Expenses  
 (In Millions)

	2018	2017
Revenues	\$59.9	\$52.6
Expenses	34.8	57.8



The largest governmental activities expense is related to regular instruction. Most governmental activities expenses decreased from fiscal year 2017 to fiscal year 2018 primarily due to the decrease in the net pension liability.

The net pension liability decrease represents the School District's proportionate share of the unfunded benefits of the STRS and SERS plans. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

***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 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay less than \$35 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. A couple of factors influenced the increase in property tax revenues for fiscal year 2018. First, cash basis property tax

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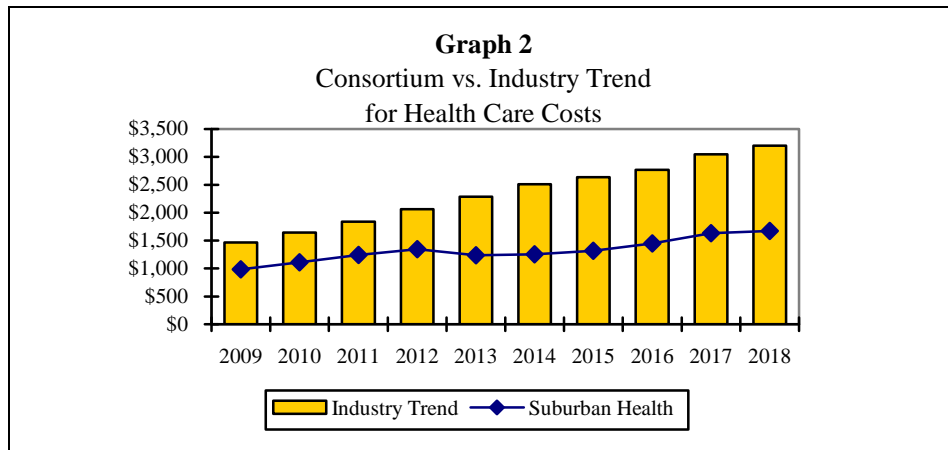
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revenues were higher in fiscal year 2018 due to the new bond levy and .5 mill permanent improvement levy that were effective for collection in calendar year 2018. Second, the impact of decreases in the amount of property taxes available as an advance at fiscal year end was much smaller for fiscal year 2018 than for fiscal year 2017, resulting in higher property tax revenues for fiscal year 2018 on an accrual basis. The difference was due to the timing and collection by the County Fiscal Officer.

Investment earnings also increased significantly due to the large increase in cash from unspent bond proceeds.

Total program revenues stayed fairly consistent with the prior fiscal year with very little fluctuations between revenue types.

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 graph 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 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 deficit amounts indicated in Table 3 should not be construed as something negative; 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. The community, as a whole, is by far the primary support for North Royalton City School District students.

**North Royalton City School District**  
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**Table 3**  
 Total and Net Cost of Program Services - Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction:				
Regular	\$9,755,518	(\$9,062,804)	\$28,831,613	(\$28,097,369)
Special	3,382,960	(1,644,154)	5,934,743	(4,067,087)
Vocational	49,795	(30,128)	41,317	(33,578)
Student Intervention Services	6,146	(2,210)	15,226	(6,176)
Support Services:				
Pupil	1,647,982	(1,575,393)	3,576,887	(3,497,249)
Instructional Staff	1,895,200	(1,834,399)	2,625,927	(2,569,404)
Board of Education	37,086	(36,287)	40,693	(39,825)
Administration	1,997,142	(1,931,814)	3,416,118	(3,345,013)
Fiscal	1,275,276	(1,250,050)	1,281,149	(1,253,643)
Business	185,435	(178,830)	342,845	(335,813)
Operation and Maintenance of Plant	3,292,862	(3,141,734)	3,834,145	(3,711,081)
Pupil Transportation	4,661,082	(4,419,762)	3,637,259	(3,364,080)
Central	119,071	(114,459)	269,742	(264,143)
Operation of Non-Instructional Services	1,116,513	(15,967)	1,161,383	(56,048)
Operation of Food Services	1,080,529	46,028	1,216,332	(88,412)
Extracurricular Activities	667,264	(222,540)	1,321,659	(788,275)
Interest and Fiscal Charges	3,580,611	(3,580,611)	248,064	(248,064)
Total Program Expenses	<u>\$34,750,472</u>	<u>(\$28,995,114)</u>	<u>\$57,795,102</u>	<u>(\$51,765,260)</u>

**The School District's Funds**

Information regarding the School District's major funds begins on page 22. These funds are accounted for using the modified accrual basis of accounting. Total governmental funds had an increase in fund balance due to the issuance of bonds. The general fund had a decrease in fund balance for fiscal year 2018, despite an increase in revenues mainly due an increase in property tax revenue. The general fund had a modest increase in expenditures, primarily an increase in special instruction. The bond retirement fund continues to make the bonded debt service requirements, and fund balance increased due to the premium on the bond issuance. The building fund had a significant increase in fund balance during fiscal year 2018 due to the issuance of bonds. Other governmental funds had a decrease in fund balance due to an increase in expenditures, primarily capital outlay. 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 a majority of total revenue.



**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
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***General Fund Budgeting Highlights***

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

During the course of fiscal year 2018, the School District amended its general fund budget several times. 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 decisions and management.

The School District likes to take a conservative approach when budgeting. Because of this, as the fiscal year went on, the School District was able to amend and increase its final certificate of estimated resources by approximately \$1.4 million, with property taxes, tuition and fees, interest income, and miscellaneous revenue coming in better than expected. Also due to the conservative approach, the School District was able to reduce its final appropriations by approximately \$123,000, overall, with the most reductions being seen in regular instruction and pupil and pupil transportation support services; however, expected special instruction costs increased significantly throughout the year. Actual revenues and expenditures were mostly in line with final budgets. This is due in large part to the School District's continued commitment to provide a quality education while still controlling costs.

**Capital Assets and Debt Administration**

***Capital Assets***

Capital assets decreased for fiscal year 2018, as depreciation for the fiscal year exceeded capital outlay. The majority of the capital asset additions were for four buses, a plow truck, a transit vehicle, phone system upgrades, and heating and cooling improvements. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements. For fiscal year 2018, this amounted to \$739,030 for the set-aside. See Note 12 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.

***Debt Administration***

On July 25, 2017, the School District issued \$88,900,000 in general obligation bonds, which included serial and term bonds. The bonds were issued for the purpose of constructing, renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving buildings and facilities, and acquiring, preparing, equipping and otherwise improving real estate for School District purposes. The serial bonds have interest rates ranging from 1.50 to 5.00 percent and a maturity date of December 1, 2041. The term bonds have an interest rate of 5.00 percent and a maturity date of December 1, 2047.

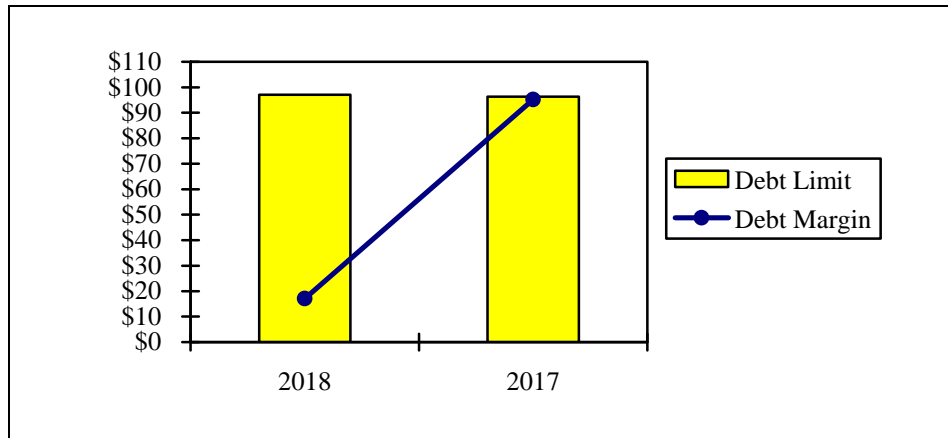
The School District's other obligations consist of 2011 Certificates of Participation (COPs) and 2015 school improvement refunding general obligation bonds, which were issued for improving the high school stadium and to refund the 2005 school improvement bonds, respectively.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
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The School District's overall legal debt margin decreased to \$17 million. This is the additional amount of debt the School District could issue. The debt margin decreased from fiscal year 2017 due to the issuance of general obligation bonds. 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)

	2018	2017
Overall Debt Limit	\$97.1	\$96.3
Overall Debt Margin	17.0	95.2



**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. State funding changes, limited local tax revenue growth inherent with Ohio's tax structure will present the most significant challenges in the future.

During fiscal year 2010, the School District completed a strategic planning process. This process engaged all segments of the community in focus groups and action planning teams. The five year strategic plan was updated in fiscal year 2018 and is now used to guide the School District's decision making process. During past fiscal years and the current fiscal year, a majority of the action steps included in the plan were initiated and on their way to completion.

The State of Ohio's 2012-2013 biennium budget reduced State funding to the School District by approximately \$3 million over the two year period. The State then looked to increase State funding by \$300,000 and \$500,000, respectively, in the 2014-2015 biennium budget. The most recent State of Ohio's 2016-2017 biennium budget projected increases to the School District's State funding by approximately \$460,000 in fiscal year 2016 and an additional \$285,000 in fiscal year 2017, of which a \$257,000 increase was realized in fiscal year 2016 and a \$92,000 loss was realized in fiscal year 2017. The State of Ohio's 2018-2019 biennium budget is projected to remain constant at a base funding level of \$5,797,760 in fiscal year 2018 and 2019. The guarantees are included in the biennium budget causing our funding level to remain constant.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
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Residential development continues to take place in both the cities of North Royalton and Broadview Heights. Due to the increased enrollment from fiscal year 2003 through 2008, the School District's facilities 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 fiscal year 2005. 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's enrollment projection, updated in 2015, reflected student enrollment to have a slight decline over the next ten years. In light of the most recent enrollment study, the School District decided to terminate its lease with the City of Broadview Heights and create the needed space among the three elementary buildings to house the preschool and kindergarten students beginning in fiscal year 2016.

The School District contracted with an architectural firm and a construction management firm to update the facilities master plan. A citizen advisory group, working with the School District and the firms, prepared a long-term solution to the facilities issues. The Board of Education reviewed and accepted the recommendations and submitted a \$54.3 million bond issue to the community at the November 2012 general election. The bond issue was not approved.

The School District contracted with Triad Research to conduct a random survey of registered voters regarding the facilities issue. The survey results indicated 62 percent of the respondents were definitely or probably for the issue, 30 percent were definitely or probably against, and 8 percent were undecided with an error range of plus or minus 5 percent. Two components of the issue, a new locker room and a transportation facility, were viewed less essential when compared to the other components.

The survey also queried those respondents definitely or probably against the issue if the School District removed the locker room and transportation facility from the issue if that would increase their likelihood of voting for the revised bond issue. The response indicated a positive seven-point swing in favor of the issue with the removal of those two components. The School District placed a bond issue on the November 2013 ballot without the new locker room and transportation facility. This bond issue was also not successful. The School District then placed a \$28.4 million bond issue and a one mill permanent improvement issue on the November 2014 general election. The decision to place the November 2014 issue on the ballot came from community input requesting the amount of the bond to be less than \$30 million, the term of the bonds be less than 35 years and to incorporate a plan that provided for the ongoing maintenance needs of our facilities. This bond issue was not successful.

The School District has contracted with William G. O'Callaghan, Jr. to conduct another community survey and formed a Community Engagement Committee Task Force to engage the community in the form of community meetings to seek input and provide a recommendation to the Board of Education. The Community Engagement Committee Task Force, with the consultation of the Ohio Facilities Construction Commission and an architectural firm, made changes to the School District long-term facilities plan. The Board of Education reviewed and accepted the plan and took formal action to place an \$88.9 million bond issue, along with a .5 mill continuing permanent improvement maintenance fund, on the November 8, 2016, general election. This bond issue was not successful.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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The Board of Education unanimously passed a resolution to place the same \$88.9 million bond issue, along with a .5 mill continuing permanent improvement maintenance fund levy, on the May 2, 2017, ballot. The issue passed by 1,945 votes with 6,190 voting for the issue and 4,245 voting against. The School District is currently in the design and development phase to build one new elementary school to replace the three existing buildings, renovate and build new sections at the high school, renovate the middle school, and increase the existing permanent improvement fund to maintain facility needs.

On July 9, 2018, the Board of Education passed a resolution to place a \$17,790,000 ten year renewal levy on the November 6, 2018 ballot, which was passed by the voters. The renewal levy will replace a \$6,700,000 levy approved on May 5, 2009, with the last collection occurring in calendar year 2019, a \$6,695,000 levy approved on May 4, 2010, with the last collection occurring in calendar year 2020, and a \$4,395,000 levy approved on November 8, 2011, with the last collection occurring in calendar year 2022. With the passing of the levy, any remaining tax years on the three existing levies will not be collected after tax year 2018.

In conclusion, the School District is in a period of opportunities to shape the educational and financial vision of the School District to prepare our students for twenty-first century learning. Management is committed to working with all stakeholders to construct facilities 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 Biagio Sidoti, Treasurer at North Royalton City School District, 6579 Royalton Road, North Royalton, Ohio 44133 or E-Mail at [biagio.sidoti@northroyaltonsd.org](mailto:biagio.sidoti@northroyaltonsd.org).

## **Basic Financial Statements**

**North Royalton City School District**

*Statement of Net Position*

June 30, 2018

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$116,425,312
Accounts Receivable	14,258
Intergovernmental Receivable	479,386
Accrued Interest Receivable	108,784
Taxes Receivable	43,858,010
Prepaid Items	59,002
Inventory Held for Resale	10,938
Materials and Supplies Inventory	102,667
Nondepreciable Capital Assets	560,140
Depreciable Capital Assets, Net	19,551,591
<i>Total Assets</i>	<u>181,170,088</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	27,088
Pension	18,822,251
OPEB	639,174
<i>Total Deferred Outflows of Resources</i>	<u>19,488,513</u>
<b>Liabilities</b>	
Accounts Payable	356,926
Accrued Wages and Benefits	4,346,184
Contracts Payable	30,835
Matured Compensated Absences Payable	6,889
Vacation Benefits Payable	154,903
Intergovernmental Payable	840,407
Accrued Interest Payable	338,098
Claims Payable	15,311
Long-Term Liabilities:	
Due Within One Year	2,814,141
Due In More Than One Year:	
Net Pension Liability (See Note 21)	64,361,791
Net OPEB Liability (See Note 22)	14,490,612
Other Amounts Due in More Than One Year	105,439,934
<i>Total Liabilities</i>	<u>193,196,031</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	37,112,400
Pension	5,161,415
OPEB	2,242,232
<i>Total Deferred Inflows of Resources</i>	<u>44,516,047</u>
<b>Net Position</b>	
Net Investment in Capital Assets	13,935,005
Restricted for:	
Debt Service	967,188
Capital Improvements	1,757,960
Food Service Operations	120,085
Local Grants	182,622
Athletics	71,269
Auxiliary Services	17,603
Other Purposes	24,530
Unrestricted (Deficit)	<u>(54,129,739)</u>
<i>Total Net Position</i>	<u><u>(\$37,053,477)</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$9,755,518	\$586,565	\$105,413	\$736	(\$9,062,804)
Special	3,382,960	96,037	1,642,769	0	(1,644,154)
Vocational	49,795	3,059	16,608	0	(30,128)
Student Intervention Services	6,146	3,936	0	0	(2,210)
Support Services:					
Pupil	1,647,982	69,286	3,303	0	(1,575,393)
Instructional Staff	1,895,200	49,646	11,155	0	(1,834,399)
Board of Education	37,086	799	0	0	(36,287)
Administration	1,997,142	65,195	0	133	(1,931,814)
Fiscal	1,275,276	25,170	0	56	(1,250,050)
Business	185,435	6,605	0	0	(178,830)
Operation and Maintenance of Plant	3,292,862	104,074	46,825	229	(3,141,734)
Pupil Transportation	4,661,082	83,559	156,365	1,396	(4,419,762)
Central	119,071	4,612	0	0	(114,459)
Operation of Non-Instructional Services	1,116,513	195	1,100,351	0	(15,967)
Operation of Food Services	1,080,529	728,094	398,463	0	46,028
Extracurricular Activities	667,264	433,385	11,339	0	(222,540)
Interest and Fiscal Charges	3,580,611	0	0	0	(3,580,611)
<b>Totals</b>	<b>\$34,750,472</b>	<b>\$2,260,217</b>	<b>\$3,492,591</b>	<b>\$2,550</b>	<b>(28,995,114)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	36,027,462
Debt Service	3,675,355
Capital Outlay	1,304,825

Grants and Entitlements not Restricted  
to Specific Programs

Unrestricted Contributions	11,504,698
Investment Earnings	5,264
Gain on Sale of Capital Assets	1,294,984
Gain on Disposal of Capital Assets	2,580
Miscellaneous	17,579
	262,472

*Total General Revenues*

54,095,219

Change in Net Position

25,100,105

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

(62,153,582)

*Net Position End of Year*

(\$37,053,477)

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2018*

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$16,015,630	\$10,432,427	\$88,292,867	\$1,470,049	\$116,210,973
Property Taxes Receivable	37,940,639	4,437,464	0	1,479,907	43,858,010
Accounts Receivable	11,076	0	0	3,182	14,258
Accrued Interest Receivable	108,784	0	0	0	108,784
Intergovernmental Receivable	217,088	0	0	262,298	479,386
Interfund Receivable	163,173	0	0	0	163,173
Prepaid Items	58,225	0	0	777	59,002
Inventory Held for Resale	0	0	0	10,938	10,938
Materials and Supplies Inventory	100,055	0	0	2,612	102,667
<i>Total Assets</i>	<u>\$54,614,670</u>	<u>\$14,869,891</u>	<u>\$88,292,867</u>	<u>\$3,229,763</u>	<u>\$161,007,191</u>
<b>Liabilities</b>					
Accounts Payable	\$269,632	\$0	\$0	\$83,420	\$353,052
Contracts Payable	9,011	0	12,496	9,328	30,835
Accrued Wages and Benefits	4,185,690	0	0	160,494	4,346,184
Interfund Payable	0	0	0	163,173	163,173
Intergovernmental Payable	815,330	0	0	25,077	840,407
Matured Compensated Absences Payable	6,889	0	0	0	6,889
<i>Total Liabilities</i>	<u>5,286,552</u>	<u>0</u>	<u>12,496</u>	<u>441,492</u>	<u>5,740,540</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	32,057,631	3,797,374	0	1,257,395	37,112,400
Unavailable Revenue	1,119,425	95,470	0	299,144	1,514,039
<i>Total Deferred Inflows of Resources</i>	<u>33,177,056</u>	<u>3,892,844</u>	<u>0</u>	<u>1,556,539</u>	<u>38,626,439</u>
<b>Fund Balances</b>					
Nonspendable	158,280	0	0	3,389	161,669
Restricted	0	10,977,047	88,280,371	1,442,768	100,700,186
Committed	0	0	0	1,200	1,200
Assigned	1,437,773	0	0	0	1,437,773
Unassigned (Deficit)	14,555,009	0	0	(215,625)	14,339,384
<i>Total Fund Balances</i>	<u>16,151,062</u>	<u>10,977,047</u>	<u>88,280,371</u>	<u>1,231,732</u>	<u>116,640,212</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$54,614,670</u>	<u>\$14,869,891</u>	<u>\$88,292,867</u>	<u>\$3,229,763</u>	<u>\$161,007,191</u>

See accompanying notes to the basic financial statements



**North Royalton City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2018*

<b>Total Governmental Fund Balances</b>		\$116,640,212
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,111,731
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Delinquent Property Taxes	1,244,561	
Intergovernmental	262,298	
Tuition and Fees	7,180	
Total		1,514,039
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 position.		195,154
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.		27,088
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(338,098)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.		(154,903)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.		
Certificates of Participation	(2,655,680)	
General Obligation Bonds	(100,849,636)	
Compensated Absences	(4,748,759)	
Total		(108,254,075)
The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	18,822,251	
Deferred Outflows - OPEB	639,174	
Net Pension Liability	(64,361,791)	
Net OPEB Liability	(14,490,612)	
Deferred Inflows - Pension	(5,161,415)	
Deferred Inflows - OPEB	(2,242,232)	
Total		(66,794,625)
 <i>Net Position of Governmental Activities</i>		 (\$37,053,477)

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, 2018*

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$36,016,441	\$3,630,092	\$0	\$1,295,872	\$40,942,405
Intergovernmental	11,692,408	276,121	0	2,721,901	14,690,430
Interest	545,251	0	746,100	8,565	1,299,916
Tuition and Fees	991,962	0	0	0	991,962
Extracurricular Activities	210,372	0	0	221,682	432,054
Contributions and Donations	21,879	0	0	48,039	69,918
Charges for Services	0	0	0	728,094	728,094
Rentals	41,126	0	0	65,418	106,544
Miscellaneous	260,501	0	0	1,971	262,472
<i>Total Revenues</i>	<u>49,779,940</u>	<u>3,906,213</u>	<u>746,100</u>	<u>5,091,542</u>	<u>59,523,795</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	26,277,545	0	0	311,172	26,588,717
Special	4,932,797	0	0	1,214,695	6,147,492
Vocational	49,834	0	0	0	49,834
Student Intervention Services	6,146	0	0	0	6,146
Support Services:					
Pupil	3,418,096	0	0	1,383	3,419,479
Instructional Staff	2,541,725	0	0	10,449	2,552,174
Board of Education	41,466	0	0	0	41,466
Administration	3,195,593	0	0	42,761	3,238,354
Fiscal	1,266,081	46,295	35,036	18,107	1,365,519
Business	324,943	0	0	0	324,943
Operation and Maintenance of Plant	3,586,873	0	0	93,685	3,680,558
Pupil Transportation	3,518,442	0	0	447,227	3,965,669
Central	234,602	0	0	0	234,602
Operation of Non-Instructional Services	10,122	0	0	1,106,391	1,116,513
Operation of Food Services	0	0	0	1,179,692	1,179,692
Extracurricular Activities	916,936	0	0	306,595	1,223,531
Capital Outlay	0	0	1,330,693	603,954	1,934,647
Debt Service:					
Principal Retirement	0	2,075,000	0	65,000	2,140,000
Interest and Fiscal Charges	0	3,162,328	0	130,981	3,293,309
Issuance Costs	0	584,930	0	0	584,930
<i>Total Expenditures</i>	<u>50,321,201</u>	<u>5,868,553</u>	<u>1,365,729</u>	<u>5,532,092</u>	<u>63,087,575</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(541,261)</u>	<u>(1,962,340)</u>	<u>(619,629)</u>	<u>(440,550)</u>	<u>(3,563,780)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	280	0	0	2,300	2,580
Insurance Recoveries	17,579	0	0	0	17,579
General Obligation Bonds Issued	0	0	88,900,000	0	88,900,000
Premium on General Obligation Bonds Issued	0	9,767,231	0	0	9,767,231
Transfers In	0	0	0	97,431	97,431
Transfers Out	(55,000)	0	0	(42,431)	(97,431)
<i>Total Other Financing Sources (Uses)</i>	<u>(37,141)</u>	<u>9,767,231</u>	<u>88,900,000</u>	<u>57,300</u>	<u>98,687,390</u>
<i>Net Change in Fund Balances</i>	<u>(578,402)</u>	<u>7,804,891</u>	<u>88,280,371</u>	<u>(383,250)</u>	<u>95,123,610</u>
<i>Fund Balances Beginning of Year</i>	<u>16,729,464</u>	<u>3,172,156</u>	<u>0</u>	<u>1,614,982</u>	<u>21,516,602</u>
<i>Fund Balances End of Year</i>	<u>\$16,151,062</u>	<u>\$10,977,047</u>	<u>\$88,280,371</u>	<u>\$1,231,732</u>	<u>\$116,640,212</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, 2018*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$95,123,610</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital Outlay	784,949
Depreciation	(1,388,037)
Total	(603,088)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Delinquent Property Taxes	65,237
Intergovernmental	239,823
Tuition and Fees	1,563
Total	306,623
Repayment of bond and certificates of participation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	2,140,000
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	(317,027)
Amortization of Discount on Certificates of Participation	(1,492)
Amortization of Premium on Bonds	64,620
Amortization of Deferred Charge on Refunding	(33,403)
Total	(287,302)
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.	
Vacation Benefits Payable	(6,227)
Compensated Absences	(1,107,832)
Total	(1,114,059)
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.	
	6,840
Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.	
General Obligation Bonds Issued	(88,900,000)
Premium on General Obligation Bonds Issued	(9,767,231)
Total	(98,667,231)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pension	4,449,482
OPEB	156,620
Total	4,606,102
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension/OPEB expense in the statement of activities:	
Pension	21,228,706
OPEB	2,359,904
Total	23,588,610
<i>Change in Net Position of Governmental Activities</i>	<b>\$25,100,105</b>

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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$37,082,369	\$37,965,457	\$37,965,457	\$0
Intergovernmental	11,803,990	11,687,970	11,687,970	0
Interest	223,634	447,698	456,988	9,290
Tuition and Fees	820,127	1,137,697	1,137,697	0
Extracurricular Activities	155,426	150,436	150,436	0
Contributions and Donations	7,624	5,264	5,264	0
Rentals	55,909	45,760	45,760	0
Miscellaneous	104,151	179,618	179,618	0
<i>Total Revenues</i>	50,253,230	51,619,900	51,629,190	9,290
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	26,541,647	26,330,495	26,330,495	0
Special	4,703,259	5,049,338	5,049,338	0
Vocational	46,264	45,586	45,586	0
Support Services:				
Pupil	3,674,733	3,468,342	3,468,342	0
Instructional Staff	2,565,477	2,591,069	2,591,069	0
Board of Education	43,637	41,831	41,831	0
Administration	3,243,359	3,246,977	3,246,977	0
Fiscal	1,301,044	1,320,905	1,320,905	0
Business	338,387	330,805	330,805	0
Operation and Maintenance of Plant	3,560,425	3,588,022	3,588,022	0
Pupil Transportation	3,606,102	3,503,497	3,503,497	0
Central	257,422	237,234	237,234	0
Operation of Non-Instructional Services	31,314	14,057	14,057	0
Extracurricular Activities	973,767	932,229	932,229	0
<i>Total Expenditures</i>	50,886,837	50,700,387	50,700,387	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(633,607)	919,513	928,803	9,290
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	280	280	0
Insurance Recoveries	0	14,492	14,492	0
Advances In	107,697	107,697	107,697	0
Advances Out	(110,000)	(163,173)	(163,173)	0
Transfers Out	(45,000)	(55,000)	(55,000)	0
<i>Total Other Financing Sources (Uses)</i>	(47,303)	(95,704)	(95,704)	0
<i>Net Change in Fund Balance</i>	(680,910)	823,809	833,099	9,290
<i>Fund Balance Beginning of Year</i>	14,305,256	14,305,256	14,305,256	0
Prior Year Encumbrances Appropriated	329,761	329,761	329,761	0
<i>Fund Balance End of Year</i>	\$13,954,107	\$15,458,826	\$15,468,116	\$9,290

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Statement of Fund Net Position*

*Internal Service Fund*

*June 30, 2018*

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	<u>Self Insurance</u>
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$214,339</u>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	3,874
Claims Payable	<u>15,311</u>
<i>Total Liabilities</i>	<u>19,185</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$195,154</u></u>

See accompanying notes to the basic financial statements

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**North Royalton City School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2018*

	<u>Self Insurance</u>
<b>Operating Revenues</b>	
Charges for Services	\$135,289
<b>Operating Expenses</b>	
Purchased Services	26,577
Claims	101,872
<i>Total Operating Expenses</i>	128,449
<i>Change in Net Position</i>	6,840
<i>Net Position Beginning of Year</i>	188,314
<i>Net Position End of Year</i>	\$195,154

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, 2018*

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	<u>Self Insurance</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$135,289
Cash Payments for Purchased Services	(26,505)
Cash Payments for Claims	<u>(104,266)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	4,518
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>209,821</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$214,339</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$6,840
Adjustments:	
Increase in Accounts Payable	72
Decrease in Claims Payable	<u>(2,394)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$4,518</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2018*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$165,006</u></u>
<b>Liabilities</b>	
Due to Students	\$164,509
Undistributed Monies	<u>497</u>
<i>Total Liabilities</i>	<u><u>\$165,006</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, 2018*

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

North Royalton City School District (the “School District”) is organized under Article VI, 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 232 classified employees and 305 certified personnel who provide services to 4,130 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 the 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 and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government. The School District has no component units.

The School District participates in three jointly governed organizations and a shared risk pool. These organizations are Connect, Cuyahoga Valley Career Center, Ohio Schools Council Association and the Suburban Health Consortium which are presented in Notes 17 and 18 to the basic financial statements.

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

The financial statements of the 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 more significant of the School District's accounting policies are described as follows.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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### ***Basis of Presentation***

The School District's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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 position 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.

### ***Fund Accounting***

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

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

***General Fund*** The general fund is used to account and report for all financial resources, except those required to be accounted for and reported 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.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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

***Building Fund*** The building fund is used to account for and report restricted bond proceeds used for the building, restoration, and improvement of the School District property.

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

***Proprietary Funds*** Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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 and reports 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 position and changes in net position. 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 district agency resources, which account for Ohio High School Athletic Association tournaments.

### ***Measurement Focus***

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

***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 deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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### ***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 outflows/inflows of resources 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 Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 21 and 22.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, tuition and fees, and intergovernmental grants. These amounts are deferred and recognized as an inflow of

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 23. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 21 and 22).

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

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

### ***Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

### ***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. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue closely reflects actual revenue for the fiscal year.

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. Prior to June 30, the School District passed an amended appropriation measure which closely matched appropriations to expenditures plus encumbrances in the majority of categories.

The scholarship special revenue fund did not have any budgetary activity in fiscal year 2018; therefore, budgetary information is not provided.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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### ***Cash and Cash Equivalents***

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 2018, investments were limited to STAR Ohio, the State Treasurer’s Investment Pool, federal home loan bank bonds, federal home loan mortgage corporation bonds, federal national mortgage association bonds, federal farm credit bank bonds, negotiable certificates of deposit, commercial paper, treasury bills, and a money market account. Investments are reported at fair value which is based on quoted market prices.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2018 amounted to \$545,251, which includes \$366,686 assigned from other School District funds.

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

### ***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

### ***Inventory***

Inventories are presented at the lower of cost or market value and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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***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 position 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 acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

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

***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 position.

***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. Since the School District’s policy limits the accrual of vacation time to one year from the employee’s anniversary date, the outstanding liability is recorded as “vacation benefits payable” on the statement of net position rather than as a long-term liability.

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

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

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018*

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

#### ***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 and compensated absences 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. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position are not sufficient for payment of those benefits. Bonds are recognized as a liability on the fund financial statements when due.

#### ***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for various school programs.

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

#### ***Fund Balances***

Fund balance is divided into five classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.



## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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**Assigned** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated. The School District Board of Education also assigned fund balance to cover a gap between fiscal year 2019's estimated revenue and appropriated budget and for adult education and public school support.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### ***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 goods or services that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

### ***Bond Premiums and Discounts***

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bond discounts are expended in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

### ***Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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***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.

***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 – Changes in Accounting Principles and Restatement of Net Position**

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For fiscal year 2018, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-3*. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	(\$43,543,388)
Adjustments:	
Net OPEB Liability	(18,733,591)
Deferred Outflow – Payments Subsequent to Measurement Date	<u>123,397</u>
Restated Net Position June 30, 2017	<u><u>(\$62,153,582)</u></u>

## North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

### 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:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Advances In and Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
3. Investments are reported at cost (budget) rather than fair value (GAAP).
4. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed, or assigned (GAAP).
6. Budgetary revenues and expenditures of the adult education and public school support funds are classified to general fund for GAAP reporting.

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	(\$578,402)
Net Adjustment for Revenue Accruals	1,693,439
Advances In	107,697
Beginning Fair Value Adjustment for Investments	(30,939)
Ending Fair Value Adjustment for Investments	14,493
Net Adjustment for Expenditure Accruals	204,932
Advances Out	(163,173)
Encumbrances	(407,162)
Perspective Difference:	
Adult Education	(1,608)
Public School Support	(6,178)
Budget Basis	<u><u>\$833,099</u></u>

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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### **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. 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 principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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

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

**Deposits**

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2018, \$96,490 of the School District's total bank balance of \$3,008,003 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Some of the School District's financial institutions participate in the Ohio Pooled Collateral System (OPCS) and were approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

As of June 30, 2018, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
<b>Net Asset Value Per Share:</b>				
STAR Ohio	\$4,359,383	Less Than One Year	N/A	3.83 %
<b>Fair Value - Level 2 Inputs:</b>				
Federal Home Loan Bank Bonds	5,587,966	Less Than Two Years	AA+ - A-1+	4.90
Federal Home Loan Mortgage Corporation Bonds	2,024,203	Less Than Four Years	AA+	1.78
Federal National Mortgage Association Bonds	2,323,971	Less Than Four Years	AA+	2.04
Federal Farm Credit Bank Bonds	926,077	Less Than Five Years	AA+	0.81
Negotiable Certificates of Deposit	16,295,251	Less Than Five Years	AA+	14.30
Commercial Paper	42,355,502	Less Than One Year	A-1+ - A-1	37.18
Treasury Bills	39,980,735	Less Than One Year	A-1+	35.10
Money Market Accounts	66,572	Less Than One Year	N/A	0.06
<b>Total Investments</b>	<u>\$113,919,660</u>			<u>100.00 %</u>

## North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurements as of June 30, 2018. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

**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** STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The federal home loan bank bonds, federal home loan mortgage corporation bonds, federal national mortgage association bonds and federal farm credit bank bonds carry a rating of AA+ to A-1+ by Standard & Poor's. 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.

### Note 6 – Fund Deficits

At fiscal year-end, the School District had fund deficits in the following funds:

Fund	Deficit
Miscellaneous State Grants	(\$1,690)
Title VI-B	(185,947)
Immigrant Education	(8,015)
Title I	(1,360)
Preschool Grant	(1,967)
Class Size Reduction Grant	(15,565)
Miscellaneous Federal Grants	(1,081)

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

### Note 7 – Property Taxes

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute 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 revenues received in calendar year 2018 represent the collections of calendar year 2017 taxes. Public utility real taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in calendar year 2018 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.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer 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, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the real property and public utility property taxes which were measurable as of June 30, 2018, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are 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 inflows of resources – property taxes.

The amount available as an advance at June 30, 2018 was \$4,770,763 in the general fund, \$544,620 in the bond retirement debt service fund, and \$185,666 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2017 was \$6,719,779 in the general fund, \$311,448 in the bond retirement debt service fund, and \$173,027 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Fiscal Officer.

Collectible delinquent property taxes have been recorded as a receivable and revenue on a full accrual basis. On a modified accrual basis, the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,045,000,660	97.71 %	\$1,052,618,220	97.58 %
Public Utility Personal	24,467,500	2.29	26,107,970	2.42
Total	<u>\$1,069,468,160</u>	<u>100.00 %</u>	<u>\$1,078,726,190</u>	<u>100.00 %</u>

Tax Rate per \$1,000 of Assessed Valuation	\$65.70	\$68.50
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The tax rate increased due to voters approving a bond levy and an additional .5 mill permanent improvement levy on May 2, 2017.

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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**Note 8 – Tax Abatements**

School District property taxes were reduced under Enterprise Zone agreements entered into by an overlapping government – the City of North Royalton. As a result of the agreements, the School District had \$11,911 in taxes abated for fiscal year 2018.

**Note 9 – Receivables**

Receivables at June 30, 2018, consisted of taxes, tuition, interest, student fees 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.

At June 30, 2018, the School District had the following intergovernmental receivables:

	<u>Amount</u>
<b><i>Governmental Activities:</i></b>	
Title VI-B	\$208,101
Bureau of Workers' Compensation	174,453
Foundation	42,635
Class Size Reduction Grant	32,546
Immigrant Education	13,439
Preschool Grant	5,122
Miscellaneous State Grants	1,705
Title I	1,360
Miscellaneous Federal Grants	<u>25</u>
Total Intergovernmental Receivable	<u><u>\$479,386</u></u>

**Note 10 – Interfund Transactions**

***Interfund Transfers***

The general fund made a \$55,000 transfer to the athletics and music special revenue fund to help provide funding for fiscal year 2018. The permanent improvement capital projects fund made a \$42,431 transfer to the local grants special revenue fund for the purpose of tracking stadium rental proceeds earmarked for future stadium capital expenditures.



**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

**Interfund Balances**

Interfund balances at June 30, 2018, consisted of the following:

	Interfund Balances	
	June 30, 2018	
	Receivables	Payables
<b>Governmental Activities:</b>		
General	\$163,173	\$0
<b>Special Revenue:</b>		
Miscellaneous State Grants	0	1,690
Title VI-B	0	65,092
Immigrant Education	0	8,282
Preschool Grant	0	1,967
Class Size Reduction Grant	0	9,535
Miscellaneous Federal Grants	0	3,397
<b>Total Special Revenue</b>	<b>0</b>	<b>89,963</b>
<b>Capital Projects:</b>		
Permanent Improvement	0	73,210
<b>Total Governmental Activities</b>	<b>\$163,173</b>	<b>\$163,173</b>

The advances from the general fund to the special revenue and capital projects funds were made to support the activities of those funds due to the timing of grant collections and for projects that did not involve the stadium, respectively. The balances are anticipated to be repaid within one year.

**Note 11 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Bond Retirement	Building	Other Governmental Funds	Total
<b>Nonspendable:</b>					
Prepaid Items	\$58,225	\$0	\$0	\$777	\$59,002
Inventory	100,055	0	0	2,612	102,667
<b>Total Nonspendable</b>	<b>158,280</b>	<b>0</b>	<b>0</b>	<b>3,389</b>	<b>161,669</b>
<b>Restricted for:</b>					
Debt Service	0	10,977,047	0	0	10,977,047
Capital Improvements	0	0	88,280,371	975,014	89,255,385
Food Service Operations	0	0	0	196,260	196,260
Local Grants	0	0	0	182,622	182,622
Athletics	0	0	0	71,269	71,269
Auxiliary Services	0	0	0	17,603	17,603
<b>Total Restricted</b>	<b>\$0</b>	<b>\$10,977,047</b>	<b>\$88,280,371</b>	<b>\$1,442,768</b>	<b>\$100,700,186</b>

(continued)

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

Fund Balances (continued)	General	Bond Retirement	Building	Other Governmental Funds	Total
<b>Committed to:</b>					
College Scholarships	\$0	\$0	\$0	\$1,200	\$1,200
<b>Assigned to:</b>					
Purchases on Order:					
Instruction	123,901	0	0	0	123,901
Support Services	190,956	0	0	0	190,956
Operation of Non-Instructional Services	3,960	0	0	0	3,960
Fiscal Year 2019 Appropriations	964,575	0	0	0	964,575
Adult Education	10,552	0	0	0	10,552
Public School Support	143,829	0	0	0	143,829
<i>Total Assigned</i>	1,437,773	0	0	0	1,437,773
<b>Unassigned (Deficit)</b>	14,555,009	0	0	(215,625)	14,339,384
Total Fund Balances	\$16,151,062	\$10,977,047	\$88,280,371	\$1,231,732	\$116,640,212

**Note 12 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance 06/30/17	Additions	Deductions	Balance 06/30/18
<i>Capital Assets not being Depreciated:</i>				
Land	\$560,140	\$0	\$0	\$560,140
<i>Capital Assets being Depreciated:</i>				
Land Improvements	1,125,406	21,951	0	1,147,357
Buildings and Improvements	45,956,981	0	0	45,956,981
Furniture and Equipment	3,562,016	324,630	(35,718)	3,850,928
Vehicles	5,772,531	438,368	(193,309)	6,017,590
<i>Total Capital Assets being Depreciated</i>	56,416,934	784,949	(229,027)	56,972,856
Less Accumulated Depreciation:				
Land Improvements	(1,073,402)	(7,140)	0	(1,080,542)
Buildings and Improvements	(27,797,945)	(999,510)	0	(28,797,455)
Furniture and Equipment	(3,305,193)	(81,563)	35,718	(3,351,038)
Vehicles	(4,085,715)	(299,824)	193,309	(4,192,230)
<i>Total Accumulated Depreciation</i>	(36,262,255)	(1,388,037) *	229,027	(37,421,265)
<i>Total Assets being Depreciated, Net</i>	20,154,679	(603,088)	0	19,551,591
<i>Governmental Activities Capital Assets, Net</i>	\$20,714,819	(\$603,088)	\$0	\$20,111,731

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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

Instruction:	
Regular	\$1,041,032
Special	3,041
Support Services:	
Administration	8,174
Operation and Maintenance of Plant	23,168
Pupil Transportation	303,816
Operation of Food Service	3,070
Extracurricular Activities	5,736
Total Depreciation Expense	<u>\$1,388,037</u>

**Note 13 – Other Employee Benefits**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to employees 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 what is specified in the respective employment agreements.

***Life Insurance***

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

**Note 14 – Long-Term Obligations**

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

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
<b>2011 Certificates of Participation:</b>			
Current Interest Serial Bonds	2.00% to 3.125%	\$525,000	2012 to 2019
Current Interest Term Bonds	4.00% to 5.25%	2,545,000	2020 to 2040
<b>2015 School Improvement Refunding Bonds:</b>			
Current Interest Serial Bonds	2.875%	8,375,000	2014 to 2018
<b>2018 School Improvement Bonds:</b>			
Current Interest Serial Bonds	1.50% to 5.00%	60,830,000	2018 to 2041
Current Interest Term Bonds	5.00%	28,070,000	2042 to 2047

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

Changes in long-term obligations of the School District during fiscal year 2018 were as follows:

	Principal Outstanding 6/30/17	Additions	Deductions	Principal Outstanding 6/30/18	Amounts Due in One Year
2011 Certificates of Participation:					
Current Interest Serial Bonds	\$210,000	\$0	\$65,000	\$145,000	\$70,000
Current Interest Term Bonds	2,545,000	0	0	2,545,000	0
Unamortized Discount	(35,812)	0	(1,492)	(34,320)	0
Total 2011 Certificates of Participation	<u>2,719,188</u>	<u>0</u>	<u>63,508</u>	<u>2,655,680</u>	<u>70,000</u>
General Obligation Bonds:					
2015 School Improvement Refunding Bonds:					
General Obligation Bonds:					
Current Interest Serial Bonds	4,205,000	0	2,075,000	2,130,000	2,130,000
Unamortized Premium	117,025	0	64,620	52,405	0
Total 2015 School Improvement Refunding Bonds	<u>4,322,025</u>	<u>0</u>	<u>2,139,620</u>	<u>2,182,405</u>	<u>2,130,000</u>
2018 School Improvement Bonds:					
General Obligation Bonds:					
Current Interest Serial Bonds	0	60,830,000	0	60,830,000	525,000
Current Interest Term Bonds	0	28,070,000	0	28,070,000	0
Unamortized Premium	0	9,767,231	0	9,767,231	0
Total 2018 School Improvement Bonds	<u>0</u>	<u>98,667,231</u>	<u>0</u>	<u>98,667,231</u>	<u>525,000</u>
Total General Obligation Bonds	<u>4,322,025</u>	<u>98,667,231</u>	<u>2,139,620</u>	<u>100,849,636</u>	<u>2,655,000</u>
Compensated Absences	<u>3,640,927</u>	<u>1,235,356</u>	<u>127,524</u>	<u>4,748,759</u>	<u>89,141</u>
Net Pension Liability:					
STRS	73,484,574	0	22,588,310	50,896,264	0
SERS	17,739,798	0	4,274,271	13,465,527	0
Total Net Pension Liability	<u>91,224,372</u>	<u>0</u>	<u>26,862,581</u>	<u>64,361,791</u>	<u>0</u>
Net OPEB Liability:					
STRS	11,740,724	0	3,381,362	8,359,362	0
SERS	6,992,867	0	861,617	6,131,250	0
Total Net OPEB Liability	<u>18,733,591</u>	<u>0</u>	<u>4,242,979</u>	<u>14,490,612</u>	<u>0</u>
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$120,640,103</u>	<u>\$99,902,587</u>	<u>\$33,436,212</u>	<u>\$187,106,478</u>	<u>\$2,814,141</u>

On April 7, 2011, the School District issued \$3,070,000 in Certificates of Participation (COPs) which included serial and term bonds in the amounts of \$525,000 and \$2,545,000, respectively. The COPs were issued for the purpose of improvements to the School District's high school stadium. The certificates were issued for a thirty year period with final maturity at December 1, 2040. The certificates will be retired from the permanent improvement fund. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets were leased to the Ohio School Building Leasing Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases consisting of a series of one-year terms, each ending on June 30, except for the final lease term. The School District's obligation to pay the lease payments are subject to and dependent upon annual renewal of the lease by the School District, subject to annual appropriations. In the event of no appropriation, the lease would terminate at the end of the current lease term. The payments include an interest component of 2 to 5.25 percent.

**North Royalton City School District**

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The term bonds maturing on December 1, 2040, are subject to mandatory redemption in part by lot pursuant to the terms of the mandatory redemption requirements of the trust agreement, at a redemption price equal to 100 percent of the principal amount deemed, plus interest accrued to the redemption date, on December 1 of the years shown in, and according to, the following schedule:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$75,000	2031	\$120,000
2021	75,000	2032	130,000
2022	80,000	2033	130,000
2023	85,000	2034	140,000
2024	85,000	2035	150,000
2025	90,000	2036	155,000
2026	95,000	2037	160,000
2027	100,000	2038	170,000
2028	105,000	2039	180,000
2029	110,000	2040	195,000
2030	115,000		

The series 2011 certificates maturing on or after December 1, 2020, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after December 1, 2019, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

In the event the Lease is terminated because the School District does not appropriate sufficient money to pay lease payments with respect to the Leased Property for any immediately succeeding Renewal Term, or the School District defaults under the Lease, all of the outstanding certificates are subject to special redemption by the Trustee in whole at any time for which the required notice may be given at a price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, from any available funds.

On September 23, 2014, the School District issued \$8,375,000 in general obligation serial bonds. The bonds were issued for the purpose of refunding the 2005 school improvement bonds to take advantage of lower interest rates. The bonds were issued for a five year period with final maturity at December 1, 2018. 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, 2018, \$3,575,000 of the defeased bonds are still outstanding.

On July 25, 2017, the School District issued \$88,900,000 in general obligation bonds, which included serial and term bonds in the amounts of \$60,830,000 and \$28,070,000, respectively. The bonds were issued for the purpose of constructing, renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving buildings and facilities, and acquiring, preparing, equipping and otherwise improving real estate for School District purposes. The serial bonds have interest rates ranging from 1.50 to 5.00 percent and a maturity date of December 1, 2041. The term bonds have an interest rate of 5.00 percent and a maturity date of December 1, 2047. At June 30, 2018, the School District had unspent proceeds of \$87,534,271 related to the bonds.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

The term bonds maturing on December 1, 2047, are subject to mandatory redemption in part by lot pursuant to the terms of the mandatory redemption requirements of the trust agreement, at a redemption price equal to 100 percent of the principal amount deemed, plus interest accrued to the redemption date, on December 1 of the years shown in, and according to, the following schedule:

<u>Year</u>	<u>Amount</u>
2042	\$4,125,000
2043	4,335,000
2044	4,550,000
2045	4,780,000
2046	5,015,000
2047	5,265,000

The School District's overall debt margin was \$17,032,404 with an unvoted debt margin of \$1,078,726 at June 30, 2018. Principal and interest requirements to retire the certificates of participation and general obligation bonds follow:

Fiscal Year	Certificates of Participation				General Obligation Bonds			
	Serial		Term		Serial		Term	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$70,000	\$128,956	\$0	\$0	\$2,655,000	\$3,888,669	\$0	\$0
2020	75,000	126,734	0	0	1,680,000	3,837,575	0	0
2021	0	0	75,000	124,062	1,705,000	3,790,875	0	0
2022	0	0	75,000	121,062	1,775,000	3,743,463	0	0
2023	0	0	80,000	117,962	1,800,000	3,714,400	0	0
2024-2028	0	0	455,000	533,076	9,980,000	17,439,025	0	0
2029-2033	0	0	580,000	410,001	12,680,000	14,675,700	0	0
2034-2038	0	0	735,000	242,656	15,700,000	11,633,500	0	0
2039-2043	0	0	545,000	44,232	14,985,000	6,842,100	4,125,000	1,300,375
2044-2048	0	0	0	0	0	0	23,945,000	3,109,375
Total	\$145,000	\$255,690	\$2,545,000	\$1,593,051	\$62,960,000	\$69,565,307	\$28,070,000	\$4,409,750

Compensated absences will be paid from the general fund and the food service, title VI-B, and class size reduction grant special revenue funds. There is no repayment schedule for the net pension liability and the net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and the food service, title VI-B, and class size reduction grant special revenue funds. For additional information related to the net pension liability and the net OPEB liability, see Notes 21 and 22.

### **Note 15 – Risk Management**

#### ***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 2018, 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, 2018:

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

Company	Coverage	Amount
Liberty Mutual Insurance	Boiler and Machinery	\$1,000,000
Liberty Mutual Insurance	Buildings and Contents - Replacement Costs	133,772,734
	Inland Marine Coverage	4,215,507
	Crime Insurance	250,000
	Automobile Liability	1,000,000
	Uninsured Motorists	75,000
	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.

***Employee Health Benefits***

For fiscal year 2018, 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 Orange City School District. The Treasurer of the Orange 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.

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

	Board Share of Premium			
	Certificated Plan		Classified Plan	
	Family	Single	Family	Single
Medical	\$1,305.82	\$614.49	\$1,288.84	\$606.52
Prescription Drug	324.26	152.61	324.26	152.61
Dental	110.85	47.50	110.85	47.50

***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 \$15,311 reported in the internal service fund at June 30, 2018, 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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Management’s expectation is the claims liabilities will be paid within one year. Changes in the fund’s claims liability amount in 2017 and 2018 were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2017	\$16,041	\$103,592	101,928	\$17,705
2018	17,705	101,872	104,266	15,311

***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 – Contingencies**

***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

***School Foundation***

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statement impact is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

***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 17 – Jointly Governed Organizations**

***Connect***

Connect is a jointly governed computer service bureau owned and operated by thirteen public school districts. Connect was formed when the Lakeshore Northeast Ohio Computer Consortium and the Lake Erie Educational Computer Association merged during fiscal year 2012. The primary function of Connect is to



## **North Royalton City School District**

*Notes to the Basic Financial Statements  
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provide to its members the support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Major areas of service provided by Connect include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Connect is wholly owned by its member districts and is governed by a Board of Directors (member Superintendents). Connect's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. Connect's current membership includes the Educational Service Center of Cuyahoga County and thirteen school districts in Cuyahoga County. Each year, the Board of Directors elects a Chairman, a Vice Chairman, and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Educational Service Center serves as the fiscal agent of Connect. Each school district supports Connect based upon a per pupil charge dependent upon the software packages used. In fiscal year 2018, the School District paid \$166,948 to Connect. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 6393 Oak Tree Boulevard, Independence, Ohio 44131.

### ***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 Board exercises total control over the operations of the Center including budgeting, appropriating, contracting, and designating management. 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. In fiscal year 2018, the School District did not contribute to Cuyahoga Valley Career Center. Financial information can be obtained from the Cuyahoga Valley Career School District, 8001 Brecksville Road, Brecksville, Ohio 44141.

### ***Ohio Schools Council Association***

The Ohio Schools Council (Council) is a jointly governed organization among 241 members. 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's 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 exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The Board meets monthly September to 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 2018, the School District paid \$952 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the Council's natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy (formerly Compass Energy) has been selected as the supplier and program manager for the period from July 1, 2018 through June 30, 2019. There are currently 163 participants 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

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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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.

### **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 is 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 (Orange 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 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 Orange City School District (the Fiscal Agent) at 32000 Chagrin Boulevard, Pepper Pike, Ohio 44124.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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**Note 19 – Set-Aside Calculation**

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 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 fiscal 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 fiscal year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by the State statute.

	<u>Capital Improvements</u>
Set-aside Balance as of June 30, 2017	\$0
Current Year Set-aside Requirement	739,030
Qualifying Disbursements	<u>(1,048,039)</u>
Totals	<u>(\$309,009)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-aside Balance as of June 30, 2018	<u>\$0</u>

Although the School District had qualifying disbursements during the fiscal year that reduced the capital acquisition set-aside amounts below zero, these amounts will not be used to reduce the set-aside requirements of future years.

**Note 20 – Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<i>Governmental:</i>	
General	\$407,162
Other Governmental Funds	<u>7,061,711</u>
Total Governmental	<u>\$7,468,873</u>

**Note 21 – Defined Benefit Pension Plans**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability***

The net pension liability and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability represent the School District’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 22 for the required OPEB disclosures.

### ***Plan Description – State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$3,463,674 for fiscal year 2018. Of this amount \$462,505 is reported as an intergovernmental payable.

### ***Plan Description – School Employees Retirement System (SERS)***

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

## North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$985,808 for fiscal year 2018. Of this amount \$16,896 is reported as an intergovernmental payable.

### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.21953378%	0.24237750%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.21425302%</u>	<u>0.22537280%</u>	
Change in Proportionate Share	<u>-0.00528076%</u>	<u>-0.01700470%</u>	
Proportionate Share of the Net Pension Liability	\$50,896,264	\$13,465,527	\$64,361,791
Pension Expense	(\$20,242,814)	(\$985,892)	(\$21,228,706)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$1,965,375	\$579,509	\$2,544,884
Changes of Assumptions	11,131,572	696,313	11,827,885
School District Contributions Subsequent to the Measurement Date	<u>3,463,674</u>	<u>985,808</u>	<u>4,449,482</u>
Total Deferred Outflows of Resources	<u>\$16,560,621</u>	<u>\$2,261,630</u>	<u>\$18,822,251</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$410,204	\$0	\$410,204
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,679,636	63,918	1,743,554
Changes in Proportionate Share and Difference between School District Contributions and Proportionate Share of Contributions	<u>1,927,651</u>	<u>1,080,006</u>	<u>3,007,657</u>
Total Deferred Inflows of Resources	<u>\$4,017,491</u>	<u>\$1,143,924</u>	<u>\$5,161,415</u>

\$4,449,482 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
2019	\$1,699,915	\$38,824	\$1,738,739
2020	3,984,799	418,631	4,403,430
2021	2,817,680	(11,647)	2,806,033
2022	<u>577,062</u>	<u>(313,910)</u>	<u>263,152</u>
Total	<u>\$9,079,456</u>	<u>\$131,898</u>	<u>\$9,211,354</u>

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016, are presented as follows:

**North Royalton City School District**

*Notes to the Basic Financial Statements  
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	<u>July 1, 2017</u>	<u>July 1, 2016</u>
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016, actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS’ investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.



**North Royalton City School District**

*Notes to the Basic Financial Statements  
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**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	\$72,958,062	\$50,896,264	\$32,312,506

**Actuarial Assumptions – SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

## North Royalton City School District

*Notes to the Basic Financial Statements  
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Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented as follows:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
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**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's Proportionate Share of the Net Pension Liability	\$18,686,653	\$13,465,527	\$9,091,770

**Note 22 – Defined Benefit OPEB Plans**

See Note 21 for a description of the net OPEB liability.

**Plan Description – State Teachers Retirement System (STRS)**

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

**Plan Description – School Employees Retirement System (SERS)**

Health Care Plan Description – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**North Royalton City School District**

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Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$120,109.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$156,620 for fiscal year 2018. Of this amount \$120,735 is reported as an intergovernmental payable.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.21953378%	0.24533190%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.21425302%</u>	<u>0.22845940%</u>	
Change in Proportionate Share	<u>-0.00528076%</u>	<u>-0.01687250%</u>	
Proportionate Share of the Net OPEB Liability	\$8,359,362	\$6,131,250	\$14,490,612
OPEB Expense	(\$2,591,171)	\$231,267	(\$2,359,904)

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	STRS	SERS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$482,554	\$0	\$482,554
School District Contributions Subsequent to the Measurement Date	0	156,620	156,620
Total Deferred Outflows of Resources	<u>\$482,554</u>	<u>\$156,620</u>	<u>\$639,174</u>
<b>Deferred Inflows of Resources</b>			
Changes of Assumptions	\$673,374	\$581,824	\$1,255,198
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	357,299	16,191	373,490
Changes in Proportionate Share and Difference between School District Contributions and Proportionate Share of Contributions	242,072	371,472	613,544
Total Deferred Inflows of Resources	<u>\$1,272,745</u>	<u>\$969,487</u>	<u>\$2,242,232</u>

\$156,620 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	STRS	SERS	Total
2019	(\$161,473)	(\$349,445)	(\$510,918)
2020	(161,473)	(349,445)	(510,918)
2021	(161,473)	(266,550)	(428,023)
2022	(161,475)	(4,047)	(165,522)
2023	(72,149)	0	(72,149)
Thereafter	<u>(72,148)</u>	<u>0</u>	<u>(72,148)</u>
Total	<u>(\$790,191)</u>	<u>(\$969,487)</u>	<u>(\$1,759,678)</u>

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented as follows:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018*

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For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 21.

**Discount Rate** The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036, and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the School District's proportionate share of the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the School District's proportionate share of the net

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the School District's proportionate share of the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
School District's Proportionate Share of the Net OPEB Liability	\$11,222,310	\$8,359,362	\$6,096,698

	1% Decrease <u></u>	Current Trend Rate <u></u>	1% Increase <u></u>
School District's Proportionate Share of the Net OPEB Liability	\$5,807,727	\$8,359,362	\$11,717,613

**Actuarial Assumptions – SERS**

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented as follows:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption:	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

## North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 21.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2017, was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017, was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the School District's proportionate share of the net OPEB liability for SERS and what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.63 percent) and higher (4.63 percent) than the current discount rate (3.63 percent). Also shown is what the School District's proportionate share of the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.5 percent decreasing to 4.0 percent) and higher (8.5 percent decreasing to 6.0 percent) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's Proportionate Share of the Net OPEB Liability	\$7,404,264	\$6,131,250	\$5,122,697



**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018*

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	1% Decrease (6.5% decreasing to 4.0%)	Current Trend Rate (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
School District's Proportionate Share of the Net OPEB Liability	\$4,975,050	\$6,131,250	\$7,661,500

**Note 23 – Subsequent Event**

On July 9, 2018, the School District passed a resolution to place a \$17,790,000 ten-year renewal levy on the November 6, 2018 ballot. The renewal levy will replace a \$6,700,000 levy approved on May 5, 2009, with the last collection occurring in calendar year 2019, a \$6,695,000 levy approved on May 4, 2010, with the last collection occurring in calendar year 2020, and a \$4,395,000 levy approved on November 8, 2011, with the last collection occurring in calendar year 2022. If approved, any remaining tax years on any of the above three existing levies will not be collected after tax year 2018. On November 6, 2018, voters approved the levy.

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**Required Supplementary Information**

**North Royalton City School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Five Fiscal Years (1) \**

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.21425302%	0.21953378%	0.22144609%	0.22414038%	0.22414038%
School District's Proportionate Share of the Net Pension Liability	\$50,896,264	\$73,484,574	\$61,201,223	\$54,518,698	\$64,942,316
School District's Covered Payroll	\$23,662,200	\$23,057,507	\$23,010,607	\$22,912,050	\$23,388,662
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	215.10%	318.70%	265.97%	237.95%	277.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

**North Royalton City School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Five Fiscal Years (1) \**

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.22537280%	0.24237750%	0.25051680%	0.25571000%	0.25571000%
School District's Proportionate Share of the Net Pension Liability	\$13,465,527	\$17,739,798	\$14,294,732	\$12,941,338	\$15,206,253
School District's Covered Payroll	\$7,406,293	\$7,546,493	\$7,548,877	\$7,861,656	\$7,327,176
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	181.81%	235.07%	189.36%	164.61%	207.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

**North Royalton City School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*State Teachers Retirement System of Ohio*  
*Last Two Fiscal Years (1) \**

	2018	2017
School District's Proportion of the Net OPEB Liability	0.21425302%	0.21953378%
School District's Proportionate Share of the Net OPEB Liability	\$8,359,362	\$11,740,724
School District's Covered Payroll	\$23,662,200	\$23,057,507
School District's Proportionate Share of the Net Liability as a Percentage OPEB of its Covered Payroll	35.33%	50.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

**North Royalton City School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Two Fiscal Years (1) \**

	2018	2017
School District's Proportion of the Net OPEB Liability	0.22845940%	0.24533190%
School District's Proportionate Share of the Net OPEB Liability	\$6,131,250	\$6,992,867
School District's Covered Payroll	\$7,406,293	\$7,546,493
School District's Proportionate Share of the Net Liability as a Percentage OPEB of its Covered Payroll	82.78%	92.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

**North Royalton City School District**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2018	2017	2016	2015
<b>Net Pension Liability</b>				
Contractually Required Contributor	\$3,463,674	\$3,312,708	\$3,228,051	\$3,221,485
Contributions in Relation to the Contractually Required Contribution	<u>(3,463,674)</u>	<u>(3,312,708)</u>	<u>(3,228,051)</u>	<u>(3,221,485)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$24,740,529	\$23,662,200	\$23,057,507	\$23,010,607
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contributor	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information



2014	2013	2012	2011	2010	2009
\$2,978,567	\$3,040,526	\$3,103,574	\$3,119,283	\$2,940,515	\$2,848,547
(2,978,567)	(3,040,526)	(3,103,574)	(3,119,283)	(2,940,515)	(2,848,547)
\$0	\$0	\$0	\$0	\$0	\$0
\$22,912,050	\$23,388,662	\$23,873,646	\$23,994,485	\$22,619,346	\$21,911,900
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$229,120	\$233,887	\$238,736	\$239,945	\$226,193	\$219,119
(229,120)	(233,887)	(238,736)	(239,945)	(226,193)	(219,119)
\$0	\$0	\$0	\$0	\$0	\$0
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**North Royalton City School District**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2018	2017	2016	2015
<b>Net Pension Liability</b>				
Contractually Required Contributor	\$985,808	\$1,036,881	\$1,056,509	\$994,942
Contributions in Relation to the Contractually Required Contribution	(985,808)	(1,036,881)	(1,056,509)	(994,942)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$7,302,281	\$7,406,293	\$7,546,493	\$7,548,877
Pension Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	156,620	123,397	122,890	192,836
Contributions in Relation to the Contractually Required Contribution	(156,620)	(123,397)	(122,890)	(192,836)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>2.14%</u>	<u>1.67%</u>	<u>1.63%</u>	<u>2.55%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.64%</u>	<u>15.67%</u>	<u>15.63%</u>	<u>15.73%</u>

(1) The School District's covered payroll is the same for Pension and OPEB

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
\$1,089,626	\$1,014,081	\$923,208	\$908,830	\$929,976	\$683,827
(1,089,626)	(1,014,081)	(923,208)	(908,830)	(929,976)	(683,827)
\$0	\$0	\$0	\$0	\$0	\$0
\$7,861,656	\$7,327,176	\$6,864,000	\$7,230,152	\$6,868,357	\$6,949,461
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
139,104	115,754	142,678	205,286	132,214	389,146
(139,104)	(115,754)	(142,678)	(205,286)	(132,214)	(389,146)
\$0	\$0	\$0	\$0	\$0	\$0
1.77%	1.58%	2.08%	2.84%	1.92%	5.60%
15.63%	15.42%	15.53%	15.41%	15.46%	15.44%

**North Royalton City School District**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2018*

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**Net Pension Liability**

**Changes in Assumptions – STRS**

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented as follows:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.75 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

**Changes in Assumptions – SERS**

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

**North Royalton City School District**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2018*

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Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

**Net OPEB Liability**

**Changes in Assumptions – STRS**

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

**Changes in Assumptions – SERS**

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:	
Fiscal Year 2018	3.56 percent
Fiscal Year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63 percent
Fiscal Year 2017	2.98 percent

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**Combining and Individual  
Fund Statements and Schedules**

# Combining and Individual Fund Statements and Schedules

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Following is a description of the School District's nonmajor special revenue funds:

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

***Scholarship Fund*** – To account for and report committed assets held by the School District for individuals and/or private organizations which benefit the student body or the local community. This fund did not have any budgetary activity in fiscal year 2018, therefore budgetary information is not provided.

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

***Athletics and Music Fund*** – To account for and report gate receipts and other restricted 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 and report services to non-public schools within the School District which are provided for in State law. Restricted funds are primarily for educational supplies, materials, and testing.

***Network Connectivity Fund*** – To account for and report restricted grant monies appropriated for Ohio Educational Computer Network Connections.

***Miscellaneous State Grants Fund*** – To account for and report restricted grant monies from the State appropriated for miscellaneous purposes.

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

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

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

***Preschool Grant Fund*** – To account for and report restricted 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 and report restricted grant monies to hire additional classroom teachers so the number of students per teacher will be reduced.

***Miscellaneous Federal Grants Fund*** – This fund accounts for and reports restricted monies received through State agencies from the Federal government or directly from the Federal government which are not classified elsewhere.

(continued)



## Combining Statements – Nonmajor Governmental Funds (continued)

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

***Adult Education Fund*** – To account for and report revenues and expenditures 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. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Public School Support Fund*** – To account for and report school site sales revenue and expenditure for field trips, assemblies and other activity costs. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

### *Nonmajor Capital Projects Fund*

The Capital Projects Fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary fund or for assets that will be held in trust. Following is a description of the nonmajor capital project fund:

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

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$597,464	\$872,585	\$1,470,049
Property Taxes Receivable	0	1,479,907	1,479,907
Accounts Receivable	3,036	146	3,182
Intergovernmental Receivable	262,298	0	262,298
Prepaid Items	777	0	777
Inventory Held for Resale	10,938	0	10,938
Materials and Supplies Inventory	2,612	0	2,612
<i>Total Assets</i>	<u>\$877,125</u>	<u>\$2,352,638</u>	<u>\$3,229,763</u>
<b>Liabilities</b>			
Accounts Payable	\$82,575	\$845	\$83,420
Contracts Payable	0	9,328	9,328
Accrued Wages and Benefits	160,494	0	160,494
Interfund Payable	89,963	73,210	163,173
Intergovernmental Payable	25,077	0	25,077
<i>Total Liabilities</i>	<u>358,109</u>	<u>83,383</u>	<u>441,492</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	0	1,257,395	1,257,395
Unavailable Revenue	262,298	36,846	299,144
<i>Total Deferred Inflows of Resources</i>	<u>262,298</u>	<u>1,294,241</u>	<u>1,556,539</u>
<b>Fund Balances</b>			
Nonspendable	3,389	0	3,389
Restricted	467,754	975,014	1,442,768
Committed	1,200	0	1,200
Unassigned (Deficit)	(215,625)	0	(215,625)
<i>Total Fund Balances</i>	<u>256,718</u>	<u>975,014</u>	<u>1,231,732</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$877,125</u>	<u>\$2,352,638</u>	<u>\$3,229,763</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, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$0	\$1,295,872	\$1,295,872
Intergovernmental	2,593,264	128,637	2,721,901
Interest	8,565	0	8,565
Extracurricular Activities	221,682	0	221,682
Contributions and Donations	45,489	2,550	48,039
Charges for Services	728,094	0	728,094
Rentals	38,473	26,945	65,418
Miscellaneous	135	1,836	1,971
<i>Total Revenues</i>	<u>3,635,702</u>	<u>1,455,840</u>	<u>5,091,542</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	75,477	235,695	311,172
Special	1,214,695	0	1,214,695
Support Services:			
Pupil	1,383	0	1,383
Instructional Staff	10,449	0	10,449
Administration	1	42,760	42,761
Fiscal	0	18,107	18,107
Operation and Maintenance of Plant	20,330	73,355	93,685
Pupil Transportation	0	447,227	447,227
Operation of Non-Instructional Services	1,106,391	0	1,106,391
Operation of Food Services	1,179,692	0	1,179,692
Extracurricular Activities	306,595	0	306,595
Capital Outlay	3,840	600,114	603,954
Debt Service:			
Principal Retirement	0	65,000	65,000
Interest and Fiscal Charges	0	130,981	130,981
<i>Total Expenditures</i>	<u>3,918,853</u>	<u>1,613,239</u>	<u>5,532,092</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(283,151)</u>	<u>(157,399)</u>	<u>(440,550)</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	0	2,300	2,300
Transfers In	97,431	0	97,431
Transfers Out	0	(42,431)	(42,431)
<i>Total Other Financing Sources (Uses)</i>	<u>97,431</u>	<u>(40,131)</u>	<u>57,300</u>
<i>Net Change in Fund Balances</i>	(185,720)	(197,530)	(383,250)
<i>Fund Balances Beginning of Year</i>	<u>442,438</u>	<u>1,172,544</u>	<u>1,614,982</u>
<i>Fund Balances End of Year</i>	<u>\$256,718</u>	<u>\$975,014</u>	<u>\$1,231,732</u>

**North Royalton City School District**

*Combining Balance Sheet*

*Nonmajor Special Revenue Funds*

*June 30, 2018*

	<u>Food Service</u>	<u>Scholarship</u>	<u>Local Grants</u>	<u>Athletics and Music</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$235,179	\$1,200	\$179,677	\$75,460
Accounts Receivable	0	0	3,036	0
Intergovernmental Receivable	0	0	0	0
Prepaid Items	777	0	0	0
Inventory Held for Resale	10,938	0	0	0
Materials and Supplies Inventory	2,612	0	0	0
<i>Total Assets</i>	<u>\$249,506</u>	<u>\$1,200</u>	<u>\$182,713</u>	<u>\$75,460</u>
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$91	\$4,191
Accrued Wages and Benefits	31,734	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	18,123	0	0	0
<i>Total Liabilities</i>	<u>49,857</u>	<u>0</u>	<u>91</u>	<u>4,191</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	0	0	0	0
<b>Fund Balances</b>				
Nonspendable	3,389	0	0	0
Restricted	196,260	0	182,622	71,269
Committed	0	1,200	0	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>199,649</u>	<u>1,200</u>	<u>182,622</u>	<u>71,269</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$249,506</u>	<u>\$1,200</u>	<u>\$182,713</u>	<u>\$75,460</u>

Auxiliary Services	Miscellaneous State Grants	Title VI-B	Immigrant Education	Title I
\$92,894	\$0	\$16	\$4,965	\$0
0	0	0	0	0
0	1,705	208,101	13,439	1,360
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$92,894</u>	<u>\$1,705</u>	<u>\$208,117</u>	<u>\$18,404</u>	<u>\$1,360</u>
\$71,543	\$0	\$0	\$4,698	\$1,360
0	0	119,143	0	0
0	1,690	65,092	8,282	0
3,748	0	1,728	0	0
<u>75,291</u>	<u>1,690</u>	<u>185,963</u>	<u>12,980</u>	<u>1,360</u>
0	1,705	208,101	13,439	1,360
0	0	0	0	0
17,603	0	0	0	0
0	0	0	0	0
0	(1,690)	(185,947)	(8,015)	(1,360)
<u>17,603</u>	<u>(1,690)</u>	<u>(185,947)</u>	<u>(8,015)</u>	<u>(1,360)</u>
<u>\$92,894</u>	<u>\$1,705</u>	<u>\$208,117</u>	<u>\$18,404</u>	<u>\$1,360</u>

(continued)

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2018*

	Preschool Grant	Class Size Reduction Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$4,726	\$3,347	\$597,464
Accounts Receivable	0	0	0	3,036
Intergovernmental Receivable	5,122	32,546	25	262,298
Prepaid Items	0	0	0	777
Inventory Held for Resale	0	0	0	10,938
Materials and Supplies Inventory	0	0	0	2,612
<i>Total Assets</i>	<u>\$5,122</u>	<u>\$37,272</u>	<u>\$3,372</u>	<u>\$877,125</u>
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$692	\$82,575
Accrued Wages and Benefits	0	9,617	0	160,494
Interfund Payable	1,967	9,535	3,397	89,963
Intergovernmental Payable	0	1,139	339	25,077
<i>Total Liabilities</i>	<u>1,967</u>	<u>20,291</u>	<u>4,428</u>	<u>358,109</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	5,122	32,546	25	262,298
<b>Fund Balances</b>				
Nonspendable	0	0	0	3,389
Restricted	0	0	0	467,754
Committed	0	0	0	1,200
Unassigned (Deficit)	(1,967)	(15,565)	(1,081)	(215,625)
<i>Total Fund Balances (Deficit)</i>	<u>(1,967)</u>	<u>(15,565)</u>	<u>(1,081)</u>	<u>256,718</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,122</u>	<u>\$37,272</u>	<u>\$3,372</u>	<u>\$877,125</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, 2018*

	Food Service	Scholarship	Local Grants	Athletics and Music
<b>Revenues</b>				
Intergovernmental	\$393,531	\$0	\$18,663	\$0
Interest	4,932	0	0	0
Extracurricular Activities	0	0	0	221,682
Contributions and Donations	0	0	34,150	11,339
Charges for Services	728,094	0	0	0
Rentals	0	0	36,078	2,395
Miscellaneous	135	0	0	0
<i>Total Revenues</i>	<u>1,126,692</u>	<u>0</u>	<u>88,891</u>	<u>235,416</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	0	1,124	0
Special	0	0	0	0
Support Services:				
Pupil	0	0	1,383	0
Instructional Staff	0	0	0	0
Administration	0	0	1	0
Operation and Maintenance of Plant	722	0	19,608	0
Operation of Non-Instructional Services	0	0	0	0
Operation of Food Services	1,179,692	0	0	0
Extracurricular Activities	0	0	0	306,595
Capital Outlay	0	0	3,840	0
<i>Total Expenditures</i>	<u>1,180,414</u>	<u>0</u>	<u>25,956</u>	<u>306,595</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(53,722)	0	62,935	(71,179)
<b>Other Financing Sources</b>				
Transfers In	0	0	42,431	55,000
<i>Net Change in Fund Balances</i>	(53,722)	0	105,366	(16,179)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>253,371</u>	<u>1,200</u>	<u>77,256</u>	<u>87,448</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$199,649</u>	<u>\$1,200</u>	<u>\$182,622</u>	<u>\$71,269</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, 2018*

	Auxiliary Services	Network Connectivity	Miscellaneous State Grants	Title VI-B	Immigrant Education
<b>Revenues</b>					
Intergovernmental	\$907,428	\$9,000	\$0	\$699,489	\$23,746
Interest	3,633	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>911,061</u>	<u>9,000</u>	<u>0</u>	<u>699,489</u>	<u>23,746</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	9,000	0	0	0
Special	0	0	1,690	846,664	26,161
Support Services:					
Pupil	0	0	0	0	0
Instructional Staff	0	0	0	0	7,949
Administration	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Operation of Non-Instructional Services	914,258	0	0	36,923	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>914,258</u>	<u>9,000</u>	<u>1,690</u>	<u>883,587</u>	<u>34,110</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,197)	0	(1,690)	(184,098)	(10,364)
<b>Other Financing Sources</b>					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(3,197)	0	(1,690)	(184,098)	(10,364)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>20,800</u>	<u>0</u>	<u>0</u>	<u>(1,849)</u>	<u>2,349</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$17,603</u>	<u>\$0</u>	<u>(\$1,690)</u>	<u>(\$185,947)</u>	<u>(\$8,015)</u>



Title I	Preschool Grant	Class Size Reduction Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$324,988	\$15,164	\$61,308	\$139,947	\$2,593,264
0	0	0	0	8,565
0	0	0	0	221,682
0	0	0	0	45,489
0	0	0	0	728,094
0	0	0	0	38,473
0	0	0	0	135
<u>324,988</u>	<u>15,164</u>	<u>61,308</u>	<u>139,947</u>	<u>3,635,702</u>
0	0	65,353	0	75,477
317,432	16,711	0	6,037	1,214,695
0	0	0	0	1,383
0	0	0	2,500	10,449
0	0	0	0	1
0	0	0	0	20,330
8,916	0	14,221	132,073	1,106,391
0	0	0	0	1,179,692
0	0	0	0	306,595
0	0	0	0	3,840
<u>326,348</u>	<u>16,711</u>	<u>79,574</u>	<u>140,610</u>	<u>3,918,853</u>
(1,360)	(1,547)	(18,266)	(663)	(283,151)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>97,431</u>
(1,360)	(1,547)	(18,266)	(663)	(185,720)
0	(420)	2,701	(418)	442,438
<u>(\$1,360)</u>	<u>(\$1,967)</u>	<u>(\$15,565)</u>	<u>(\$1,081)</u>	<u>\$256,718</u>

## Combining Statements – Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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 are as follows:

### *Agency Funds*

***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.

***District Agency Fund*** This fund reflects resources that are held by a school district as an agent for individuals, private organizations, and other governmental units.

**North Royalton City School District**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
For the Fiscal Year Ended June 30, 2018

	Beginning Balance 6/30/17	Additions	Deductions	Ending Balance 6/30/18
<b><i>Student Activities</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$196,221	\$311,202	\$342,914	\$164,509
<b>Liabilities</b>				
Due to Students	\$196,221	\$311,202	\$342,914	\$164,509
<b><i>District Agency</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$163	\$18,719	\$18,385	\$497
<b>Liabilities</b>				
Undistributed Monies	\$163	\$18,719	\$18,385	\$497
<b><i>Total Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$196,384	\$329,921	\$361,299	\$165,006
<b>Liabilities</b>				
Due to Students	\$196,221	\$311,202	\$342,914	\$164,509
Undistributed Monies	163	18,719	18,385	497
<b>Total Liabilities</b>	<b>\$196,384</b>	<b>\$329,921</b>	<b>\$361,299</b>	<b>\$165,006</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$37,082,369	\$37,965,457	\$37,965,457	\$0
Intergovernmental	11,803,990	11,687,970	11,687,970	0
Interest	223,634	447,698	456,988	9,290
Tuition and Fees	820,127	1,137,697	1,137,697	0
Extracurricular Activities	155,426	150,436	150,436	0
Contributions and Donations	7,624	5,264	5,264	0
Rentals	55,909	45,760	45,760	0
Miscellaneous	104,151	179,618	179,618	0
<i>Total Revenues</i>	50,253,230	51,619,900	51,629,190	9,290
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	17,647,396	17,382,519	17,382,519	0
Fringe Benefits	6,762,929	6,747,536	6,747,536	0
Purchased Services	1,665,874	1,619,697	1,619,697	0
Materials and Supplies	445,145	529,717	529,717	0
Capital Outlay	18,182	49,251	49,251	0
Other	2,121	1,775	1,775	0
Total Regular	26,541,647	26,330,495	26,330,495	0
Special:				
Salaries and Wages	1,945,514	2,094,506	2,094,506	0
Fringe Benefits	957,302	966,416	966,416	0
Purchased Services	1,744,886	1,949,670	1,949,670	0
Materials and Supplies	30,304	18,449	18,449	0
Capital Outlay	25,253	20,297	20,297	0
Total Special	4,703,259	5,049,338	5,049,338	0
Vocational:				
Fringe Benefits	46,264	45,586	45,586	0
Total Instruction	\$31,291,170	\$31,425,419	\$31,425,419	\$0

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupil:				
Salaries and Wages	\$2,038,345	\$2,007,244	\$2,007,244	\$0
Fringe Benefits	711,613	699,907	699,907	0
Purchased Services	879,825	721,917	721,917	0
Materials and Supplies	33,839	27,041	27,041	0
Capital Outlay	9,091	11,748	11,748	0
Other	2,020	485	485	0
Total Pupil	3,674,733	3,468,342	3,468,342	0
Instructional Staff:				
Salaries and Wages	1,443,579	1,384,878	1,384,878	0
Fringe Benefits	783,150	758,828	758,828	0
Purchased Services	278,645	360,824	360,824	0
Materials and Supplies	27,779	51,714	51,714	0
Capital Outlay	30,304	34,406	34,406	0
Other	2,020	419	419	0
Total Instructional Staff	2,565,477	2,591,069	2,591,069	0
Board of Education:				
Salaries and Wages	18,485	18,870	18,870	0
Fringe Benefits	3,940	3,826	3,826	0
Purchased Services	11,111	9,656	9,656	0
Other	10,101	9,479	9,479	0
Total Board of Education	43,637	41,831	41,831	0
Administration:				
Salaries and Wages	1,899,347	1,869,563	1,869,563	0
Fringe Benefits	1,038,850	1,016,023	1,016,023	0
Purchased Services	259,907	308,497	308,497	0
Materials and Supplies	10,405	24,923	24,923	0
Capital Outlay	5,051	13,008	13,008	0
Other	29,799	14,963	14,963	0
Total Administration	3,243,359	3,246,977	3,246,977	0
Fiscal:				
Salaries and Wages	386,173	366,289	366,289	0
Fringe Benefits	183,238	180,706	180,706	0
Purchased Services	24,748	29,948	29,948	0
Materials and Supplies	2,020	5,895	5,895	0
Capital Outlay	0	6,055	6,055	0
Other	704,865	732,012	732,012	0
Total Fiscal	\$1,301,044	\$1,320,905	\$1,320,905	\$0

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Business:</b>				
Salaries and Wages	\$214,653	\$207,259	\$207,259	\$0
Fringe Benefits	112,926	108,648	108,648	0
Purchased Services	5,758	5,797	5,797	0
Materials and Supplies	3,030	5,404	5,404	0
Capital Outlay	0	2,284	2,284	0
Other	2,020	1,413	1,413	0
<b>Total Business</b>	<b>338,387</b>	<b>330,805</b>	<b>330,805</b>	<b>0</b>
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	1,562,977	1,539,886	1,539,886	0
Fringe Benefits	771,539	759,844	759,844	0
Purchased Services	952,062	966,280	966,280	0
Materials and Supplies	272,736	293,101	293,101	0
Capital Outlay	1,010	28,840	28,840	0
Other	101	71	71	0
<b>Total Operation and Maintenance of Plant</b>	<b>3,560,425</b>	<b>3,588,022</b>	<b>3,588,022</b>	<b>0</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	1,694,006	1,654,918	1,654,918	0
Fringe Benefits	713,052	668,602	668,602	0
Purchased Services	683,354	635,703	635,703	0
Materials and Supplies	485,873	514,756	514,756	0
Capital Outlay	29,817	29,518	29,518	0
<b>Total Pupil Transportation</b>	<b>3,606,102</b>	<b>3,503,497</b>	<b>3,503,497</b>	<b>0</b>
<b>Central:</b>				
Salaries and Wages	153,944	151,310	151,310	0
Fringe Benefits	48,931	46,782	46,782	0
Purchased Services	22,728	11,759	11,759	0
Materials and Supplies	505	116	116	0
Capital Outlay	0	442	442	0
Other	31,314	26,825	26,825	0
<b>Total Central</b>	<b>257,422</b>	<b>237,234</b>	<b>237,234</b>	<b>0</b>
<b>Total Support Services</b>	<b>18,590,586</b>	<b>18,328,682</b>	<b>18,328,682</b>	<b>0</b>
<b>Operation of Non-Instructional Services:</b>				
<b>Community Services:</b>				
Purchased Services	31,314	11,941	11,941	0
Materials and Supplies	0	2,116	2,116	0
<b>Total Operation of Non-Instructional Services</b>	<b>\$31,314</b>	<b>\$14,057</b>	<b>\$14,057</b>	<b>\$0</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Extracurricular Activities:				
Academic Oriented Activities:				
Salaries and Wages	\$210,208	\$195,939	\$195,939	\$0
Fringe Benefits	82,124	76,982	76,982	0
Total Academic Oriented Activities	292,332	272,921	272,921	0
Sport Oriented Activities:				
Salaries and Wages	564,361	545,212	545,212	0
Fringe Benefits	82,730	80,755	80,755	0
Purchased Services	33,334	33,016	33,016	0
Capital Outlay	10	0	0	0
Other	1,000	325	325	0
Total Sport Oriented Activities	681,435	659,308	659,308	0
Total Extracurricular Activities	973,767	932,229	932,229	0
<i>Total Expenditures</i>	50,886,837	50,700,387	50,700,387	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(633,607)	919,513	928,803	9,290
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	280	280	0
Insurance Recoveries	0	14,492	14,492	0
Advances In	107,697	107,697	107,697	0
Advances Out	(110,000)	(163,173)	(163,173)	0
Transfers Out	(45,000)	(55,000)	(55,000)	0
<i>Total Other Financing Sources (Uses)</i>	(47,303)	(95,704)	(95,704)	0
<i>Net Change in Fund Balance</i>	(680,910)	823,809	833,099	9,290
<i>Fund Balance Beginning of Year</i>	14,305,256	14,305,256	14,305,256	0
Prior Year Encumbrances Appropriated	329,761	329,761	329,761	0
<i>Fund Balance End of Year</i>	\$13,954,107	\$15,458,826	\$15,468,116	\$9,290



**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, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$3,068,534	\$3,396,920	\$3,396,920	\$0
Intergovernmental	227,500	276,121	276,121	0
<i>Total Revenues</i>	<u>3,296,034</u>	<u>3,673,041</u>	<u>3,673,041</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	78,000	46,295	46,295	0
Debt Service:				
Principal Retirement	2,075,000	2,075,000	2,075,000	0
Interest and Fiscal Charges	3,162,328	3,162,328	3,162,328	0
Bond Issuance Costs	586,632	584,930	584,930	0
<i>Total Debt Service</i>	<u>5,823,960</u>	<u>5,822,258</u>	<u>5,822,258</u>	<u>0</u>
<i>Total Expenditures</i>	<u>5,901,960</u>	<u>5,868,553</u>	<u>5,868,553</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(2,605,926)	(2,195,512)	(2,195,512)	0
<b>Other Financing Sources</b>				
Premium on General Obligation Bonds Issued	9,767,231	9,767,231	9,767,231	0
<i>Net Change in Fund Balance</i>	7,161,305	7,571,719	7,571,719	0
<i>Fund Balance Beginning of Year</i>	<u>2,860,708</u>	<u>2,860,708</u>	<u>2,860,708</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,022,013</u></u>	<u><u>\$10,432,427</u></u>	<u><u>\$10,432,427</u></u>	<u><u>\$0</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
**Building Fund**  
*For the Fiscal Year Ended June 30, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$0	\$702,537	\$746,100	\$43,563
<b>Expenditures</b>				
Current:				
Support Services:				
Fiscal:				
Other	0	35,036	35,036	0
Capital Outlay:				
Site Improvement Services:				
Purchased Services	0	12,500	12,500	0
Architecture and Engineering Services:				
Purchased Services	5,814,067	5,233,052	5,233,052	0
Building Acquisition and Construction Services:				
Purchased Services	0	47,640	47,640	0
Materials and Supplies	0	522	522	0
Capital Outlay	0	57,523	57,523	0
Total Building Acquisition and Construction Services	0	105,685	105,685	0
Building Improvement Services:				
Purchased Services	0	2,403,088	2,403,088	0
Total Capital Outlay	5,814,067	7,754,325	7,754,325	0
<i>Total Expenditures</i>	5,814,067	7,789,361	7,789,361	0
<i>Excess of Revenues Under Expenditures</i>	(5,814,067)	(7,086,824)	(7,043,261)	43,563
<b>Other Financing Sources</b>				
General Obligation Bonds Issued	88,900,000	88,900,000	88,900,000	0
<i>Net Change in Fund Balance</i>	83,085,933	81,813,176	81,856,739	43,563
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$83,085,933	\$81,813,176	\$81,856,739	\$43,563

**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, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$307,821	\$307,821	\$0
Interest	4,932	4,932	0
Charges for Services	728,094	728,094	0
Miscellaneous	135	135	0
<i>Total Revenues</i>	<u>1,040,982</u>	<u>1,040,982</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	722	722	0
Operation of Food Services:			
Salaries and Wages	454,454	454,454	0
Fringe Benefits	229,363	229,363	0
Purchased Services	9,812	9,812	0
Materials and Supplies	419,441	419,441	0
Capital Outlay	3,213	3,213	0
Total Operation of Food Services	<u>1,116,283</u>	<u>1,116,283</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,117,005</u>	<u>1,117,005</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(76,023)	(76,023)	0
<i>Fund Balance Beginning of Year</i>	307,340	307,340	0
Prior Year Encumbrances Appropriated	<u>3,196</u>	<u>3,196</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$234,513</u></u>	<u><u>\$234,513</u></u>	<u><u>\$0</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Local Grants Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$18,663	\$18,663	\$0
Contributions and Donations	34,150	34,150	0
Rentals	33,761	33,761	0
<i>Total Revenues</i>	<u>86,574</u>	<u>86,574</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	673	673	0
Other	460	460	0
Total Instruction	<u>1,133</u>	<u>1,133</u>	<u>0</u>
Support Services:			
Pupil:			
Purchased Services	413	413	0
Materials and Supplies	1,021	1,021	0
Total Pupil	<u>1,434</u>	<u>1,434</u>	<u>0</u>
Operation and Maintenance of Plant:			
Purchased Services	10,029	10,029	0
Materials and Supplies	9,668	9,668	0
Total Operation and Maintenance of Plant	<u>19,697</u>	<u>19,697</u>	<u>0</u>
Total Support Services	<u>21,131</u>	<u>21,131</u>	<u>0</u>
Capital Outlay:			
Site Improvement Services:			
Capital Outlay	3,840	3,840	0
<i>Total Expenditures</i>	<u>26,104</u>	<u>26,104</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	60,470	60,470	0
<b>Other Financing Sources</b>			
Transfers In	42,431	42,431	0
<i>Net Change in Fund Balance</i>	102,901	102,901	0
<i>Fund Balance Beginning of Year</i>	76,230	76,230	0
Prior Year Encumbrances Appropriated	395	395	0
<i>Fund Balance End of Year</i>	<u>\$179,526</u>	<u>\$179,526</u>	<u>\$0</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, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Extracurricular Activities	\$222,212	\$222,212	\$0
Contributions and Donations	11,339	11,339	0
Rentals	2,395	2,395	0
<i>Total Revenues</i>	<u>235,946</u>	<u>235,946</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Extracurricular Activities:			
Occupation Oriented Activities:			
Capital Outlay	206	206	0
Sport Oriented Activities:			
Purchased Services	36,175	36,175	0
Materials and Supplies	4,167	4,167	0
Capital Outlay	4,041	4,041	0
Other	277,778	277,778	0
<i>Total Sport Oriented Activities</i>	<u>322,161</u>	<u>322,161</u>	<u>0</u>
School and Public Service Co-Curricular Activities:			
Other	112	112	0
<i>Total Expenditures</i>	<u>322,479</u>	<u>322,479</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(86,533)	(86,533)	0
<b>Other Financing Sources</b>			
Transfers In	55,000	55,000	0
<i>Net Change in Fund Balance</i>	(31,533)	(31,533)	0
<i>Fund Balance Beginning of Year</i>	63,504	63,504	0
Prior Year Encumbrances Appropriated	28,327	28,327	0
<i>Fund Balance End of Year</i>	<u>\$60,298</u>	<u>\$60,298</u>	<u>\$0</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, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$907,428	\$907,428	\$0
Interest	3,633	3,633	0
<i>Total Revenues</i>	<u>911,061</u>	<u>911,061</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	601,314	601,314	0
Materials and Supplies	128,080	128,080	0
Capital Outlay	127,929	127,929	0
Other	36,458	36,458	0
<i>Total Expenditures</i>	<u>893,781</u>	<u>893,781</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	17,280	17,280	0
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	52,452	52,452	0
<i>Fund Balance End of Year</i>	<u><u>\$69,732</u></u>	<u><u>\$69,732</u></u>	<u><u>\$0</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Network Connectivity Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$9,000	\$9,000	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	9,000	9,000	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*  
*Miscellaneous State Grants Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Special:			
Materials and Supplies	1,690	1,690	0
<i>Excess of Revenues Under Expenditures</i>	(1,690)	(1,690)	0
<b>Other Financing Sources</b>			
Advances In	1,690	1,690	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*  
**Title VI-B Fund**  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$897,616	\$897,616	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Special:			
Salaries and Wages	855,201	855,201	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	19,054	19,054	0
Materials and Supplies	5,000	5,000	0
Capital Outlay	19,674	19,674	0
Total Operation of Non-Instructional Services	43,728	43,728	0
<i>Total Expenditures</i>	898,929	898,929	0
<i>Excess of Revenues Under Expenditures</i>	(1,313)	(1,313)	0
<b>Other Financing Sources (Uses)</b>			
Advances In	65,092	65,092	0
Advances Out	(93,392)	(93,392)	0
<i>Total Other Financing Sources (Uses)</i>	(28,300)	(28,300)	0
<i>Net Change in Fund Balance</i>	(29,613)	(29,613)	0
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	29,613	29,613	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*  
*Immigrant Education Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$27,523	\$27,523	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Special:			
Salaries and Wages	14,463	14,463	0
Fringe Benefits	137	137	0
Materials and Supplies	11,828	11,828	0
Total Instruction	26,428	26,428	0
Support Services:			
Instructional Staff:			
Purchased Services	7,949	7,949	0
<i>Total Expenditures</i>	34,377	34,377	0
<i>Excess of Revenues Under Expenditures</i>	(6,854)	(6,854)	0
<b>Other Financing Sources (Uses)</b>			
Advances In	8,282	8,282	0
Advances Out	(1,428)	(1,428)	0
<i>Total Other Financing Sources (Uses)</i>	6,854	6,854	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*  
*Title I Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$324,988	\$324,988	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Special:			
Salaries and Wages	317,432	317,432	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	7,556	7,556	0
<i>Total Expenditures</i>	<u>324,988</u>	<u>324,988</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<b>Other Financing Uses</b>			
Advances Out	(629)	(629)	0
<i>Net Change in Fund Balance</i>	(629)	(629)	0
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	629	629	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Preschool Grant Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$16,425	\$16,425	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Special:			
Salaries and Wages	17,131	17,131	0
<i>Excess of Revenues Under Expenditures</i>	(706)	(706)	0
<b>Other Financing Sources (Uses)</b>			
Advances In	1,967	1,967	0
Advances Out	(1,261)	(1,261)	0
<i>Total Other Financing Sources (Uses)</i>	706	706	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*  
*Class Size Reduction Grant Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$69,128	\$69,128	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	55,597	55,597	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	15,215	15,215	0
Materials and Supplies	901	901	0
Capital Outlay	1,831	1,831	0
Total Operation of Non-Instructional Services	17,947	17,947	0
<i>Total Expenditures</i>	73,544	73,544	0
<i>Excess of Revenues Under Expenditures</i>	(4,416)	(4,416)	0
<b>Other Financing Sources (Uses)</b>			
Advances In	9,535	9,535	0
Advances Out	(5,119)	(5,119)	0
<i>Total Other Financing Sources (Uses)</i>	4,416	4,416	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*  
*Miscellaneous Federal Grants Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$139,947	\$139,947	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Special:			
Purchased Services	6,037	6,037	0
Support Services:			
Instructional Staff:			
Purchased Services	2,500	2,500	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	120,084	120,084	0
Materials and Supplies	14,723	14,723	0
<i>Total Expenditures</i>	143,344	143,344	0
<i>Excess of Revenues Under Expenditures</i>	(3,397)	(3,397)	0
<b>Other Financing Sources (Uses)</b>			
Advances In	3,397	3,397	0
Advances Out	(5,868)	(5,868)	0
<i>Total Other Financing Sources (Uses)</i>	(2,471)	(2,471)	0
<i>Net Change in Fund Balance</i>	(5,868)	(5,868)	0
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	5,868	5,868	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*  
*Adult Education Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Tuition and Fees	\$6,100	\$6,100	\$0
Miscellaneous	5,366	5,366	0
<i>Total Revenues</i>	<u>11,466</u>	<u>11,466</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Student Intervention Services:			
Salaries and Wages	12,163	12,163	0
Fringe Benefits	196	196	0
Materials and Supplies	715	715	0
<i>Total Expenditures</i>	<u>13,074</u>	<u>13,074</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,608)	(1,608)	0
<i>Fund Balance Beginning of Year</i>	11,977	11,977	0
Prior Year Encumbrances Appropriated	259	259	0
<i>Fund Balance End of Year</i>	<u><u>\$10,628</u></u>	<u><u>\$10,628</u></u>	<u><u>\$0</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Public School Support Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Extracurricular Activities	\$59,936	\$59,936	\$0
Contributions and Donations	16,615	16,615	0
Miscellaneous	81,153	81,153	0
<i>Total Revenues</i>	<u>157,704</u>	<u>157,704</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	43,910	43,910	0
Capital Outlay	17,727	17,727	0
Other	102,245	102,245	0
<i>Total Expenditures</i>	<u>163,882</u>	<u>163,882</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(6,178)	(6,178)	0
<i>Fund Balance Beginning of Year</i>	131,651	131,651	0
Prior Year Encumbrances Appropriated	<u>3,692</u>	<u>3,692</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$129,165</u></u>	<u><u>\$129,165</u></u>	<u><u>\$0</u></u>



**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$1,283,233	\$1,283,233	\$0
Intergovernmental	128,637	128,637	0
Contributions and Donations	2,450	2,450	0
Rentals	27,375	27,375	0
Miscellaneous	1,790	1,790	0
<i>Total Revenues</i>	<u>1,443,485</u>	<u>1,443,485</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Capital Outlay	287,065	287,065	0
Support Services:			
Administration:			
Purchased Services	9,801	9,801	0
Materials and Supplies	5,915	5,915	0
Capital Outlay	27,044	27,044	0
Total Administration	<u>42,760</u>	<u>42,760</u>	<u>0</u>
Fiscal:			
Other	18,107	18,107	0
Operation and Maintenance of Plant:			
Purchased Services	38,118	38,118	0
Materials and Supplies	11,504	11,504	0
Capital Outlay	23,733	23,733	0
Total Operation and Maintenance of Plant	<u>73,355</u>	<u>73,355</u>	<u>0</u>
Pupil Transportation:			
Capital Outlay	916,577	916,577	0
Total Support Services	<u>\$1,050,799</u>	<u>\$1,050,799</u>	<u>\$0</u>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund (continued)*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital Outlay:			
Site Improvement Services:			
Purchased Services	\$564,884	\$564,884	\$0
Capital Outlay	89,833	89,833	0
Total Site Improvement Services	654,717	654,717	0
Building Improvement Services:			
Purchased Services	1,500	1,500	0
Capital Outlay	16,130	16,130	0
Total Building Improvement Services	17,630	17,630	0
Total Capital Outlay	672,347	672,347	0
Debt Service:			
Principal Retirement	65,000	65,000	0
Interest and Fiscal Charges	130,981	130,981	0
Total Debt Service	195,981	195,981	0
<i>Total Expenditures</i>	2,206,192	2,206,192	0
<i>Excess of Revenues Under Expenditures</i>	(762,707)	(762,707)	0
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	2,300	2,300	0
Advances In	73,210	73,210	0
Transfers Out	(42,431)	(42,431)	0
<i>Total Other Financing Sources (Uses)</i>	33,079	33,079	0
<i>Net Change in Fund Balance</i>	(729,628)	(729,628)	0
<i>Fund Balance Beginning of Year</i>	492,918	492,918	0
Prior Year Encumbrances Appropriated	550,959	550,959	0
<i>Fund Balance End of Year</i>	\$314,249	\$314,249	\$0

**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, 2018*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$135,289	\$135,289	\$0
<b>Expenses</b>			
Purchased Services	26,505	26,505	0
Claims	104,266	104,266	0
<i>Total Expenses</i>	130,771	130,771	0
<i>Net Change in Fund Equity</i>	4,518	4,518	0
<i>Fund Equity Beginning of Year</i>	209,821	209,821	0
<i>Fund Equity End of Year</i>	\$214,339	\$214,339	\$0

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**STATISTICAL  
SECTION**



## 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.

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<b>Contents</b>	<b>Pages(s)</b>
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<b><i>Financial Trends</i></b> .....	<b><i>S2 – S9</i></b>
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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>S10 – S18</i></b>
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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>S19 – S23</i></b>
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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>Demographic and Economic Information</i></b> .....	<b><i>S24 – S26</i></b>
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These schedules offer demographic and economic 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>S27 – S36</i></b>
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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.

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

	<u>2018</u>	<u>2017 (2)</u>	<u>2016</u>	<u>2015</u>
Net Investment in Capital Assets	\$13,935,005	\$13,734,097	\$12,484,935	\$11,191,033
Restricted for:				
Debt Service	967,188	3,201,292	3,690,758	3,918,623
Capital Projects	1,757,960	1,200,437	1,061,137	1,189,218
Other Purposes	416,109	368,114	411,212	373,005
Unrestricted (Deficit)	<u>(54,129,739)</u>	<u>(80,657,522)</u>	<u>(56,008,183)</u>	<u>(59,908,693)</u>
Total Net Position	<u><u>(\$37,053,477)</u></u>	<u><u>(\$62,153,582)</u></u>	<u><u>(\$38,360,141)</u></u>	<u><u>(\$43,236,814)</u></u>

(1) The School District reported the impact of GASB Statement No. 68 beginning in fiscal year 2014.

(2) The School District reported the impact of GASB Statement No. 75 beginning in fiscal year 2017.



<u>2014 (1)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$10,606,317	\$10,136,598	\$9,926,872	\$9,839,269	\$11,374,852	\$11,158,736
3,783,910	3,755,928	3,775,292	3,477,950	3,458,042	3,453,480
1,187,413	1,005,491	1,082,942	3,266,018	1,161,025	1,092,228
625,876	575,421	657,122	674,222	525,067	389,361
<u>(65,513,642)</u>	<u>8,424,035</u>	<u>8,567,542</u>	<u>5,427,548</u>	<u>2,828,962</u>	<u>844,751</u>
<u>(\$49,310,126)</u>	<u>\$23,897,473</u>	<u>\$24,009,770</u>	<u>\$22,685,007</u>	<u>\$19,347,948</u>	<u>\$16,938,556</u>

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

	2018 (2)	2017	2016	2015 (1)
<b>Expenses</b>				
Regular Instruction	\$9,755,518	\$28,831,613	\$26,985,023	\$26,912,810
Special Instruction	3,382,960	5,934,743	4,407,306	4,355,817
Vocational Instruction	49,795	41,317	37,843	36,343
Student Intervention Services	6,146	15,226	20,907	23,091
Pupil Support	1,647,982	3,576,887	3,256,056	3,057,304
Instructional Staff Support	1,895,200	2,625,927	2,535,429	2,544,147
Board of Education	37,086	40,693	41,913	40,636
Administration	1,997,142	3,416,118	2,801,195	3,054,105
Fiscal	1,275,276	1,281,149	1,192,822	1,203,684
Business	185,435	342,845	312,910	318,551
Operation and Maintenance of Plant	3,292,862	3,834,145	3,479,009	3,750,164
Pupil Transportation	4,661,082	3,637,259	3,807,147	3,490,995
Central	119,071	269,742	254,125	252,706
Operation of Non-Instructional Services	1,116,513	1,161,383	965,031	1,021,672
Operation of Food Services	1,080,529	1,216,332	1,195,333	1,144,599
Extracurricular Activities	667,264	1,321,659	1,262,856	1,292,022
Interest and Fiscal Charges	3,580,611	248,064	307,139	284,657
<i>Total Expenses</i>	<u>34,750,472</u>	<u>57,795,102</u>	<u>52,862,044</u>	<u>52,783,303</u>
<b>Program Revenues</b>				
Charges for Services and Sales				
Regular Instruction	586,565	631,988	425,475	408,673
Special Instruction	96,037	97,568	46,062	44,966
Vocational Instruction	3,059	881	539	530
Student Intervention Services	3,936	9,050	8,246	12,360
Pupil Support	69,286	75,609	47,767	45,610
Instructional Staff Support	49,646	54,595	36,193	37,024
Board of Education	799	868	596	592
Administration	65,195	70,739	41,301	50,182
Fiscal	25,170	27,342	17,362	18,186
Business	6,605	7,032	4,502	4,742
Operation and Maintenance of Plant	104,074	101,809	67,197	54,464
Pupil Transportation	83,559	124,146	71,360	80,879
Central	4,612	5,599	3,649	3,551
Operation of Non-Instructional Services	728,289	757,508	782,705	714,012
Extracurricular Activities	433,385	521,434	486,218	543,172
Operating Grants and Contributions	3,492,591	3,537,144	3,421,958	3,433,827
Capital Grants and Contributions	2,550	6,530	73,288	72,290
<i>Total Program Revenues</i>	<u>5,755,358</u>	<u>6,029,842</u>	<u>5,534,418</u>	<u>5,525,060</u>
Net Expense	<u>(28,995,114)</u>	<u>(51,765,260)</u>	<u>(47,327,626)</u>	<u>(47,258,243)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes	36,027,462	32,253,885	37,531,228	39,017,348
Debt Service	3,675,355	1,467,558	1,722,896	1,764,951
Capital Outlay	1,304,825	815,653	942,496	1,001,292
Grants and Entitlements not				
Restricted to Specific Programs	11,504,698	11,613,878	11,484,587	11,043,079
Unrestricted Contributions	5,264	10,078	3,639	2,700
Investment Earnings	1,294,984	188,609	172,427	88,315
Gain on Sale of Capital Assets	2,580	0	11,400	175,000
Gain on Disposal of Capital Assets	17,579	0	0	0
Miscellaneous	262,472	232,352	335,626	238,870
<i>Total General Revenues</i>	<u>54,095,219</u>	<u>46,582,013</u>	<u>52,204,299</u>	<u>53,331,555</u>
<i>Change in Net Position</i>	<u>\$25,100,105</u>	<u>(\$5,183,247)</u>	<u>\$4,876,673</u>	<u>\$6,073,312</u>

(1) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in fiscal year 2015.

(2) Expenses are first impacted by the implementation of GASB Statement No. 75 beginning in fiscal year 2018.

2014	2013	2012	2011	2010	2009
\$26,652,053	\$25,854,788	\$26,138,639	\$24,299,175	\$21,810,291	\$22,398,158
4,653,937	3,515,628	3,273,352	3,270,125	4,401,022	4,129,027
30,544	117,329	208,167	208,884	210,031	193,977
45,732	1,137,695	1,191,607	1,143,484	1,914,412	1,672,402
3,098,915	3,022,582	2,841,655	2,906,588	2,598,723	2,611,154
2,443,880	2,591,553	2,698,007	2,966,901	1,944,788	2,295,479
38,560	42,802	37,533	85,366	37,330	27,253
3,154,290	3,451,156	4,371,516	2,631,576	3,466,191	3,431,405
1,291,997	1,268,445	1,323,210	1,084,082	1,137,626	1,093,106
366,020	350,442	357,023	341,468	314,186	339,281
3,695,103	4,027,974	3,931,841	3,729,890	3,323,518	4,067,791
4,009,801	3,631,902	3,527,949	3,522,509	3,303,329	3,093,446
201,333	601,508	580,206	531,003	503,859	613,370
944,531	1,070,930	818,483	807,799	832,087	742,839
1,285,407	1,141,926	1,254,636	1,299,213	1,336,266	1,442,093
1,214,962	1,191,528	1,063,664	2,118,498	1,009,845	976,880
564,948	834,421	502,662	1,105,884	1,266,086	1,122,733
<u>53,692,013</u>	<u>53,852,609</u>	<u>54,120,150</u>	<u>52,052,445</u>	<u>49,409,590</u>	<u>50,250,394</u>
372,506	699,589	672,384	456,677	424,291	308,774
54,571	0	0	0	0	0
367	0	0	0	0	0
9,501	27,423	29,332	19,636	18,775	16,058
44,924	0	0	0	0	0
34,597	0	0	0	0	0
568	0	0	0	0	0
43,843	1,048	9,934	357,218	0	0
18,303	0	0	0	0	0
5,324	0	0	0	0	0
51,467	98,567	84,265	84,682	175,476	57,433
50,593	31,378	8,977	1,248	33,500	0
2,766	0	0	0	0	0
742,776	819,618	1,011,191	1,024,855	968,240	1,166,919
616,651	447,404	249,864	524,783	406,526	402,090
3,803,100	2,683,068	2,681,759	3,470,946	3,631,781	2,791,285
77,351	314,693	208,179	634,617	170,412	25,460
<u>5,929,208</u>	<u>5,122,788</u>	<u>4,955,885</u>	<u>6,574,662</u>	<u>5,829,001</u>	<u>4,768,019</u>
<u>(47,762,805)</u>	<u>(48,729,821)</u>	<u>(49,164,265)</u>	<u>(45,477,783)</u>	<u>(43,580,589)</u>	<u>(45,482,375)</u>
37,029,906	35,512,106	36,765,860	34,607,536	32,022,770	30,527,173
1,685,638	1,643,245	1,769,762	1,727,765	1,688,528	2,034,569
938,428	919,978	957,318	909,349	888,699	984,472
10,646,928	10,352,797	10,755,927	11,273,655	10,896,050	10,759,786
3,304	0	0	0	0	0
103,857	2,574	62,955	66,759	160,026	481,638
8,322	0	0	0	9,850	5,534
0	0	0	0	0	0
278,948	186,824	177,206	229,778	324,058	195,241
<u>50,695,331</u>	<u>48,617,524</u>	<u>50,489,028</u>	<u>48,814,842</u>	<u>45,989,981</u>	<u>44,988,413</u>
<u>\$2,932,526</u>	<u>(\$112,297)</u>	<u>\$1,324,763</u>	<u>\$3,337,059</u>	<u>\$2,409,392</u>	<u>(\$493,962)</u>

**North Royalton City School District**

*Fund Balances, Governmental Funds*

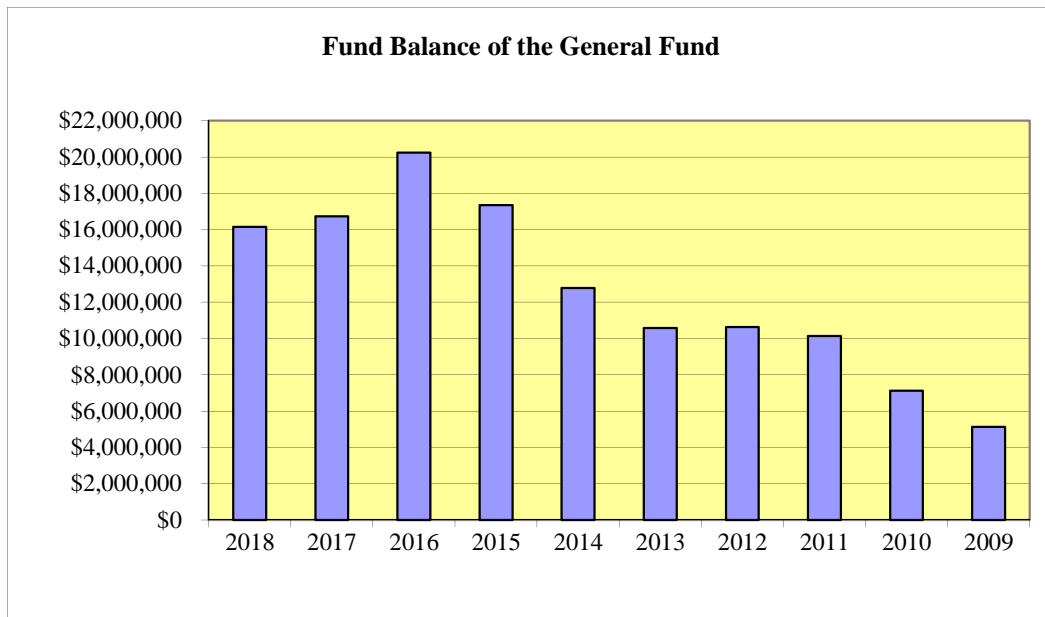
*Last Ten Fiscal Years*

*(modified accrual basis of accounting)*

	2018	2017	2016	2015
<b>General Fund</b>				
Nonspendable	\$158,280	\$73,916	\$76,927	\$77,054
Assigned	1,437,773	689,495	1,133,848	311,778
Unassigned	14,555,009	15,966,053	19,038,191	16,963,381
Reserved	N/A	N/A	N/A	N/A
Unreserved (Deficit)	N/A	N/A	N/A	N/A
<b>Total General Fund</b>	<b>16,151,062</b>	<b>16,729,464</b>	<b>20,248,966</b>	<b>17,352,213</b>
<b>All Other Governmental Funds</b>				
Nonspendable	3,389	3,074	3,229	2,547
Restricted	100,700,186	4,785,551	5,174,934	5,528,463
Committed	1,200	1,200	1,200	1,200
Unassigned (Deficit)	(215,625)	(2,687)	(123,260)	(4,042)
Reserved	N/A	N/A	N/A	N/A
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	N/A	N/A	N/A	N/A
Debt Service Funds	N/A	N/A	N/A	N/A
Capital Projects Funds (Deficit)	N/A	N/A	N/A	N/A
<b>Total All Other Governmental Funds</b>	<b>100,489,150</b>	<b>4,787,138</b>	<b>5,056,103</b>	<b>5,528,168</b>
<b>Total Governmental Funds</b>	<b>\$116,640,212</b>	<b>\$21,516,602</b>	<b>\$25,305,069</b>	<b>\$22,880,381</b>

**Note:** The School District implemented GASB 54 in fiscal year 2011.

N/A - Information not available



2014	2013	2012	2011	2010	2009
\$81,437	\$74,520	\$75,296	\$78,249	\$83,939	N/A
870,004	1,928,311	1,922,864	256,044	120,158	N/A
11,834,935	8,568,401	8,634,130	9,795,541	6,916,785	N/A
N/A	N/A	N/A	N/A	N/A	\$5,882,948
N/A	N/A	N/A	N/A	N/A	(748,015)
12,786,376	10,571,232	10,632,290	10,129,834	7,120,882	5,134,933
2,732	100,318	81,441	0	0	N/A
5,609,076	5,255,079	5,450,520	7,526,152	5,253,779	N/A
1,200	1,200	1,200	1,200	1,200	N/A
(76,759)	(187,283)	(229,556)	(21,126)	(510,115)	N/A
N/A	N/A	N/A	N/A	N/A	855,885
N/A	N/A	N/A	N/A	N/A	366,085
N/A	N/A	N/A	N/A	N/A	3,225,464
N/A	N/A	N/A	N/A	N/A	(15,108)
5,536,249	5,169,314	5,303,605	7,506,226	4,744,864	4,432,326
\$18,322,625	\$15,740,546	\$15,935,895	\$17,636,060	\$11,865,746	\$9,567,259

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

	2018	2017	2016	2015
<b>Revenues</b>				
Property Taxes	\$40,942,405	\$34,570,277	\$39,877,443	\$42,166,327
Intergovernmental	14,690,430	15,179,830	14,771,525	14,452,010
Interest	1,299,916	191,765	173,709	89,085
Tuition and Fees	991,962	995,675	682,055	706,202
Extracurricular Activities	432,054	507,408	464,464	457,561
Contributions and Donations	69,918	62,607	128,267	179,525
Charges for Services	728,094	816,710	782,419	712,874
Rentals	106,544	160,758	110,234	142,306
Miscellaneous	262,472	232,352	335,626	238,870
<i>Total Revenues</i>	<u>59,523,795</u>	<u>52,717,382</u>	<u>57,325,742</u>	<u>59,144,760</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	26,588,717	26,428,354	26,311,599	26,493,485
Special	6,147,492	5,707,085	4,533,472	4,433,602
Vocational	49,834	41,339	37,890	35,997
Student Intervention Services	6,146	15,226	20,907	22,858
Support Services:				
Pupil	3,419,479	3,391,703	3,283,007	3,107,734
Instructional Staff	2,552,174	2,539,109	2,553,044	2,522,964
Board of Education	41,466	40,693	41,913	40,226
Administration	3,238,354	3,135,576	2,861,573	3,100,923
Fiscal	1,365,519	1,231,813	1,201,265	1,194,216
Business	324,943	327,050	318,723	330,600
Operation and Maintenance of Plant	3,680,558	3,529,074	3,507,713	3,671,432
Pupil Transportation	3,965,669	3,728,741	3,715,188	3,557,356
Central	234,602	261,428	254,781	216,843
Operation of Non-Instructional Services	1,116,513	1,161,401	966,969	1,013,720
Operation of Food Services	1,179,692	1,177,508	1,210,629	1,146,550
Extracurricular Activities	1,223,531	1,271,286	1,269,098	1,283,287
Capital Outlay	1,934,647	150,685	457,989	542,590
Debt Service:				
Principal Retirement	2,140,000	2,085,000	2,025,000	1,730,000
Interest and Fiscal Charges	3,293,309	282,778	341,694	319,153
Capital Appreciation Bonds Interest	0	0	0	0
Bond Issuance Costs	584,930	0	0	53,375
<i>Total Expenditures</i>	<u>63,087,575</u>	<u>56,505,849</u>	<u>54,912,454</u>	<u>54,816,911</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>(3,563,780)</u>	<u>(3,788,467)</u>	<u>2,413,288</u>	<u>4,327,849</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	2,580	0	11,400	175,000
Insurance Recoveries	17,579	0	0	0
General Obligation Bonds Issued	88,900,000	0	0	8,375,000
Certificate of Participation Issued	0	0	0	0
Premium on General Obligation Bonds Issued	9,767,231	0	0	258,482
Transfers In	97,431	30,000	60,000	116,480
Discount on Certificate of Participation Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	(8,578,575)
Transfers Out	(97,431)	(30,000)	(60,000)	(116,480)
<i>Total Other Financing Sources (Uses)</i>	<u>98,687,390</u>	<u>0</u>	<u>11,400</u>	<u>229,907</u>
<i>Net Change in Fund Balances</i>	<u>\$95,123,610</u>	<u>(\$3,788,467)</u>	<u>\$2,424,688</u>	<u>\$4,557,756</u>
<i>Debt Service as a Percentage of</i>				
<i>Noncapital Expenditures</i>	8.72%	4.23%	4.36%	3.76%

2014	2013	2012	2011	2010	2009
\$39,969,046	\$38,278,727	\$37,940,035	\$38,483,074	\$34,620,543	\$33,945,326
14,260,159	13,075,221	13,314,136	14,834,568	14,582,445	13,459,733
104,428	2,574	62,955	66,759	160,026	481,638
714,953	634,336	438,848	319,092	347,196	305,695
492,952	567,866	515,033	534,062	554,175	397,324
171,504	275,337	331,729	544,650	115,798	116,798
742,054	823,515	1,016,198	1,025,353	1,078,024	1,175,407
111,096	99,194	92,960	593,633	68,603	53,711
278,948	186,824	177,206	229,778	324,058	195,241
56,845,140	53,943,594	53,889,100	56,630,969	51,850,868	50,130,873
26,101,347	24,728,691	24,403,267	23,738,921	21,295,590	21,503,101
4,592,162	3,395,416	3,207,668	3,122,539	4,304,154	4,067,766
39,895	128,772	197,782	195,579	192,427	196,590
45,732	1,233,551	1,189,179	1,138,060	1,901,290	1,600,301
3,019,297	2,969,569	2,833,344	2,830,579	2,542,093	2,544,283
2,415,954	2,553,383	2,713,289	2,874,452	1,964,190	2,253,825
38,560	42,802	37,533	85,366	37,330	27,253
3,040,446	3,338,971	3,655,960	3,898,949	3,333,173	3,305,585
1,303,512	1,258,659	1,229,812	1,154,314	1,134,329	1,058,988
359,745	344,756	354,056	335,207	310,387	334,570
3,572,784	3,837,123	3,488,977	3,597,065	3,239,354	3,579,539
3,857,486	3,744,611	3,273,926	3,106,555	3,361,002	2,802,742
225,832	577,848	563,885	509,548	485,603	597,043
894,381	987,494	749,770	703,028	721,145	764,229
1,286,438	1,144,729	1,251,036	1,301,456	1,330,059	1,375,593
1,197,235	1,139,803	1,041,968	1,053,701	994,174	966,033
208,234	662,371	3,497,902	2,208,190	582,324	647,255
1,490,000	1,435,000	1,380,000	165,697	525,137	1,243,984
582,343	633,194	519,911	522,684	534,382	567,299
0	0	0	1,214,303	774,863	751,016
0	0	0	129,697	0	0
54,271,383	54,156,743	55,589,265	53,885,890	49,563,006	50,186,995
2,573,757	(213,149)	(1,700,165)	2,745,079	2,287,862	(56,122)
8,322	17,800	0	0	10,625	4,755
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	3,070,000	0	0
0	0	0	0	0	0
118,000	118,000	118,000	158,000	226,000	225,000
0	0	0	(44,765)	0	0
0	0	0	0	0	0
(118,000)	(118,000)	(118,000)	(158,000)	(226,000)	(225,000)
8,322	17,800	0	3,025,235	10,625	4,755
\$2,582,079	(\$195,349)	(\$1,700,165)	\$5,770,314	\$2,298,487	(\$51,367)
3.85%	3.85%	3.51%	3.76%	3.80%	5.15%

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

Collection Year	Real Property			Estimated Actual Value	Tangible Personal Property	
	Assessed Value				General	Business
	Residential/ Agricultural	Commercial/ Industrial	Total		Assessed Value	Estimated Actual Value
2018	\$905,176,150	\$147,442,070	\$1,052,618,220	\$3,007,480,629	\$0	\$0
2017	900,907,390	144,093,270	1,045,000,660	2,985,716,171	0	0
2016	896,397,400	139,499,910	1,035,897,310	2,959,706,600	0	0
2015	877,428,500	143,485,140	1,020,913,640	2,916,896,114	0	0
2014	871,126,480	142,923,040	1,014,049,520	2,897,284,343	0	0
2013	867,571,890	142,989,250	1,010,561,140	2,887,317,543	0	0
2012	890,386,710	149,838,910	1,040,225,620	2,972,073,200	0	0
2011	885,827,130	148,183,220	1,034,010,350	2,954,315,286	0	0
2010	880,649,410	147,271,440	1,027,920,850	2,936,916,714	0	0
2009	919,081,060	148,347,310	1,067,428,370	3,049,795,343	3,681,598	58,905,568

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

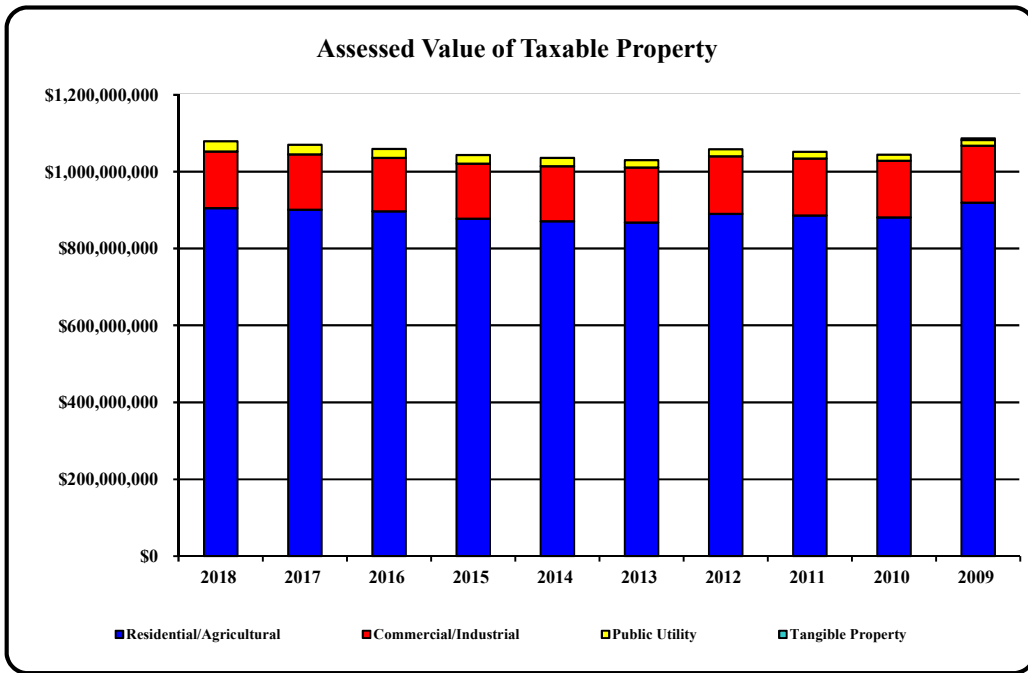
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax has been phased out, and during the phase out period, all general business tangible personal property was assessed at zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, (except telephone companies whose last year to pay tangible personal property tax was 2010).

The tangible personal property values associated with each year were 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 a 10 percent and a 2 1/2 percent rollback, and homestead exemptions before being

**Source:** Office of the County Fiscal Officer, Cuyahoga County, Ohio



Tangible Personal Property Public Utility		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Total Tax Rate	Weighted Average Tax Rate
\$26,107,970	\$29,668,148	\$1,078,726,190	\$3,037,148,777	\$68.500000	45.033736
24,467,500	27,803,977	1,069,468,160	3,013,520,148	65.700000	42.211751
22,972,440	26,105,045	1,058,869,750	2,985,811,645	65.700000	42.195713
22,479,140	25,544,477	1,043,392,780	2,942,440,591	65.700000	42.355541
21,388,440	24,305,045	1,035,437,960	2,921,589,388	65.700000	42.304627
19,486,420	22,143,659	1,030,047,560	2,909,461,202	65.700000	42.255660
17,900,300	20,341,250	1,058,125,920	2,992,414,450	65.700000	41.726218
17,182,820	19,525,932	1,051,193,170	2,973,841,218	65.800000	41.787148
16,176,820	18,382,750	1,044,097,670	2,955,299,464	59.100000	35.081255
15,178,170	17,247,920	1,086,288,138	3,125,948,831	59.800000	35.191157



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

	2018	2017	2016	2015
<b>Unvoted Millage</b>				
Operating	\$5.000000	\$5.000000	\$5.000000	\$5.000000
<b>Voted Millage by Levy</b>				
Permanent Improvement	\$1.000000	\$1.000000	\$1.000000	\$1.000000
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	14.076834	14.071130	14.074704	14.281300
Commercial/Industrial	13.852689	13.948462	14.010662	13.785300
Tangible/Public Utility Personal	36.100000	36.100000	36.100000	36.100000
1977 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	1.110157	1.109710	1.109990	1.126300
Commercial/Industrial	1.211530	1.219907	1.225347	1.205600
Tangible/Public Utility Personal	2.500000	2.500000	2.500000	2.500000
1987 Bond (\$7,750,000)	0.000000	0.000000	0.000000	0.000000
1988 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	0.856120	0.855775	0.855991	0.868600
Commercial/Industrial	1.043682	1.050898	1.055584	1.038600
Tangible/Public Utility Personal	1.500000	1.500000	1.500000	1.500000
1994 Bond (\$24,000,000)	1.800000	1.800000	1.800000	1.800000
2005 Emergency (\$6,695,000)	0.000000	0.000000	0.000000	0.000000
2007 Emergency (\$4,395,000)	4.300000	4.400000	4.400000	4.400000
2009 Emergency (\$6,700,000)	6.600000	6.700000	6.700000	6.700000
2010 Emergency (\$6,695,000)	6.600000	6.700000	6.700000	6.700000
2017 Bond (\$88,900,000)	2.600000	0.000000	0.000000	0.000000
2017 Permanent Improvement				
Effective Millage Rates				
Residential/Agricultural	0.500000	0.000000	0.000000	0.000000
Commercial/Industrial	0.496566	0.000000	0.000000	0.000000
Tangible/Public Utility Personal	0.500000	0.000000	0.000000	0.000000
<b>Total Effective Voted Millage by Type of Property</b>				
Residential/Agricultural	\$39.443111	\$36.636615	\$36.640685	\$36.876200
Commercial/Industrial	39.504467	36.819267	36.891593	36.629500
Tangible/Public Utility Personal	63.500000	60.700000	60.700000	60.700000
<b>Total Effective Millage by Type of Property</b>				
Residential/Agricultural	\$44.443111	\$41.636615	\$41.640685	\$41.876200
Commercial/Industrial	44.504467	41.819267	41.891593	41.629500
Tangible/Public Utility Personal	68.500000	65.700000	65.700000	65.700000
<b>Total Weighted Average Tax Rate</b>	\$45.033736	\$42.211751	\$42.195713	\$42.355541

2014	2013	2012	2011	2010	2009
<u>\$5.000000</u>	<u>\$5.000000</u>	<u>\$5.000000</u>	<u>\$5.000000</u>	<u>\$5.000000</u>	<u>\$6.000000</u>
\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
14.278813	14.260113	13.830000	13.810000	13.816300	13.161600
13.615800	13.682405	13.267700	13.230000	13.283900	13.248100
36.100000	36.100000	36.100000	36.100000	36.100000	36.100000
1.126087	1.124612	1.090700	1.089100	1.089600	1.038000
1.190812	1.196637	1.160400	1.157100	1.161800	1.158700
2.500000	2.500000	2.500000	2.500000	2.500000	2.500000
0.000000	0.000000	0.000000	0.000000	0.000000	0.800000
0.868405	0.867268	0.841100	0.839900	0.840300	0.800500
1.025835	1.030854	0.999600	0.996800	1.000800	0.998100
1.500000	1.500000	1.500000	1.500000	1.500000	1.500000
1.800000	1.800000	1.800000	1.900000	1.900000	1.100000
0.000000	0.000000	0.000000	0.000000	0.000000	6.500000
4.400000	4.400000	4.400000	4.400000	4.400000	4.300000
6.700000	6.700000	6.700000	6.700000	6.700000	0.000000
6.700000	6.700000	6.700000	6.700000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
\$36.873305	\$36.851993	\$36.361800	\$36.439000	\$29.746200	\$28.700100
36.432447	36.509896	36.027700	36.083900	29.446500	29.104900
<u>60.700000</u>	<u>60.700000</u>	<u>60.700000</u>	<u>60.800000</u>	<u>54.100000</u>	<u>53.800000</u>
\$41.873305	\$41.851993	\$41.361800	\$41.439000	\$34.746200	\$34.700100
41.432447	41.509896	41.027700	41.083900	34.446500	35.104900
<u>65.700000</u>	<u>65.700000</u>	<u>65.700000</u>	<u>65.800000</u>	<u>59.100000</u>	<u>59.800000</u>
<u>\$42.304627</u>	<u>\$42.255660</u>	<u>\$41.726218</u>	<u>\$41.787148</u>	<u>\$35.081255</u>	<u>\$35.191157</u>

(continued)

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

	2018	2017	2016	2015
<b>Overlapping Rates by Taxing District</b>				
City of North Royalton				
Effective Millage Rates				
Residential/Agricultural	\$6.837788	\$6.020467	\$6.019556	\$6.051800
Commercial/Industrial	7.346033	6.847350	6.857472	6.813000
Tangible/Public Utility Personal	8.200000	8.200000	8.200000	8.200000
City of Broadview Heights				
Effective Millage Rates				
Residential/Agricultural	9.296033	9.295401	9.295845	7.908300
Commercial/Industrial	9.716059	9.704730	9.757407	8.308200
Tangible/Public Utility Personal	11.820000	11.820000	11.820000	10.400000
Cuyahoga County				
Effective Millage Rates				
Residential/Agricultural	13.914095	13.880201	13.869781	14.050000
Commercial/Industrial	14.006049	14.012362	14.050000	14.019500
Tangible/Public Utility Personal	14.050000	14.050000	14.050000	14.050000
Cuyahoga County Public Library				
Effective Millage Rates				
Residential/Agricultural	2.475507	2.470717	2.469462	2.500000
Commercial/Industrial	2.498725	2.496887	2.500000	2.500000
Tangible/Public Utility Personal	2.500000	2.500000	2.500000	2.500000
Cuyahoga Valley Career Center				
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	2.718302	2.711249	2.711903	2.750000
Commercial/Industrial	2.740335	2.741624	2.750000	2.736800
Tangible/Public Utility Personal	2.750000	2.750000	2.750000	2.750000
Cuyahoga Community College				
Effective Millage Rates				
Residential/Agricultural	4.456854	3.946094	3.942787	4.000000
Commercial/Industrial	4.486046	3.988050	4.000000	3.990600
Tangible/Public Utility Personal	4.500000	4.000000	4.000000	4.000000
Cuyahoga County Port Authority				
Effective Millage Rates				
Residential/Agricultural	0.113078	0.112770	0.112676	0.114300
Commercial/Industrial	0.117141	0.117200	0.117551	0.112700
Tangible/Public Utility Personal	0.130000	0.130000	0.130000	0.130000

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

**Rate:** Emergency and Debt Service levies are designed to raise a fixed amount of revenue each year. A rate is set each year so that when it is applied to the total assessed value, the fixed amount is generated.

N/A - Information not available

2014	2013	2012	2011	2010	2009
\$6.049129	\$6.045118	\$5.917500	\$5.912900	\$5.911700	\$5.769800
6.748199	6.769300	6.621800	6.609600	6.621000	6.591400
8.200000	8.200000	8.200000	8.200000	8.200000	8.200000
7.326583	7.325470	6.316400	6.315265	6.315657	6.273770
7.791766	7.796454	6.786000	6.787837	6.800420	6.817285
10.400000	10.400000	9.400000	9.400000	9.400000	9.400000
14.050000	13.220000	13.118200	13.186600	13.178900	15.150600
13.949465	12.996761	12.784600	12.841200	12.845700	15.489300
14.050000	13.220000	13.220000	13.320000	13.320000	16.250000
2.500000	2.500000	2.500000	2.500000	2.500000	2.500000
2.500000	2.500000	2.500000	2.500000	2.500000	2.500000
2.500000	2.500000	2.500000	2.500000	2.500000	2.500000
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
2.750000	1.850000	1.818800	1.810600	1.806800	1.669800
2.704560	1.791705	1.735400	1.724300	1.724900	1.717100
2.750000	1.850000	1.850000	1.850000	1.850000	1.850000
3.100000	3.100000	3.082000	N/A	N/A	N/A
3.069066	3.060605	3.023200	N/A	N/A	N/A
3.100000	3.100000	3.100000	N/A	N/A	N/A
0.113900	0.113492	0.103300	N/A	N/A	N/A
0.110629	0.109828	0.106300	N/A	N/A	N/A
0.130000	0.130000	0.130000	N/A	N/A	N/A

**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)(4)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2017	\$48,647,803	\$47,773,043	98.20%	\$854,830	\$48,627,873	99.96%
2016	45,173,479	44,282,165	98.03	812,202	45,094,367	99.82
2015	44,784,797	43,937,400	98.11	747,917	44,685,317	99.78
2014	44,318,981	42,961,440	96.94	1,030,408	43,991,848	99.26
2013	43,938,040	42,329,613	96.34	893,328	43,222,941	98.37
2012	43,594,921	42,101,571	96.57	907,281	43,008,852	98.66
2011	44,113,787	42,901,802	97.25	938,240	43,840,042	99.38
2010	43,986,984	42,879,026	97.48	835,684	43,714,710	99.38
2009	43,410,682	42,242,926	97.31	964,940	43,207,866	99.53
2008	37,443,566	36,204,256	96.69	822,499	37,026,755	98.89

**Source:** Office of the Fiscal Officer, Cuyahoga County, Ohio

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) Collection year 2017 is the latest information available from the County.

(3) The County's current system does not track delinquent tax collections by tax year in total. This presentation will be updated as new information becomes available.

(4) These amounts cannot be calculated based on other information in this statistical table because of retroactive additions and deletions which are brought on in one lump sum. Penalties and interest are included, since by Ohio Law they become part of the tax obligation.

**North Royalton City School District**

*Principal Taxpayers*

*Real Estate Tax*

*2018 and 2009*

Name of Taxpayer	2018	
	Assessed Value	Percent of Real Property Assessed Value
Spruce Lake, LTD	\$7,705,780	0.73 %
Hampton Club, LTD	7,595,960	0.72
JVM Royal Oaks Apartments, LLC	6,406,400	0.61
JVM Dover Farms Apartments, LLC	5,538,790	0.53
North Royalton Ohio Property, LLC	3,710,000	0.35
Deer Creek Apartments, LTD	3,268,870	0.31
I&J Associates, LTD	3,166,810	0.30
Oak Brook Garden Apartments	2,950,260	0.28
Pine Forest Apartments	2,928,490	0.28
Shadow Creek Enterprises, LTD	2,691,610	0.26
<b>Total</b>	<b>\$45,962,970</b>	<b>4.37 %</b>
<b>Total Real Estate Assessed Valuation</b>	<b>\$1,052,618,220</b>	

Name of Taxpayer	2009	
	Assessed Value	Percent of Real Property Assessed Value
Spruce Lake, LTD	\$8,055,540	0.76 %
Hampton Club, LTD	7,164,750	0.67
JVM Royal Oaks Apartments, LLC	6,510,000	0.61
JVM Dover Farms Apartments, LLC	5,425,010	0.51
I&J Associates, LTD	3,539,870	0.33
Deer Creek Apartments, LTD	3,360,010	0.32
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>\$46,075,570</b>	<b>4.32 %</b>
<b>Total Real Estate Assessed Valuation</b>	<b>\$1,067,428,370</b>	

**Source:** Office of the Fiscal Officer, Cuyahoga County, Ohio

**North Royalton City School District**

*Principal Taxpayers*

*Public Utilities Tax*

*2018 and 2009*

Name of Taxpayer	2018	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$15,206,490	58.24 %
American Transmission System	5,071,560	19.43
Columbia Gas of Ohio Incorporated	3,007,960	11.52
<b>Total</b>	<b>\$23,286,010</b>	<b>89.19 %</b>
<b>Total Public Utility Valuation</b>	<b>\$26,107,970</b>	
Name of Taxpayer	2009	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$11,203,560	73.81 %
Columbia Gas of Ohio, Incorporated	1,620,600	10.68
American Transmission System	1,217,090	8.02
<b>Total</b>	<b>\$14,041,250</b>	<b>92.51 %</b>
<b>Total Public Utility Valuation</b>	<b>\$15,178,170</b>	

**Source:** Office of the Fiscal Officer, Cuyahoga County, Ohio



**North Royalton City School District**

*Computation of Direct and Overlapping*

*Governmental Activities Debt*

*June 30, 2018*

	<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:			
Certificates of Participation	\$2,655,680	100.00%	\$2,655,680
General Obligation Bonds	<u>100,849,636</u>	100.00	<u>100,849,636</u>
Total Direct	<u>103,505,316</u>	100.00	<u>103,505,316</u>
Overlapping:			
City of North Royalton:			
General Obligation Bonds	21,044,603	98.79	20,789,963
Special Assessment Bonds	1,020,064	98.79	1,007,721
OPWC Loans	1,667,237	98.79	1,647,063
Police and Fire Pension	97,359	98.79	96,181
Capital Lease Obligations	995,325	98.79	983,282
City of Broadview Heights:			
General Obligation Bonds	16,028,876	34.97	5,605,298
Special Assessment Bonds	2,042,578	34.97	714,290
OWDA Loans	265,995	34.97	93,018
OPWC Loans	30,000	34.97	10,491
Capital Lease Obligations	577,002	34.97	201,778
Cuyahoga County:			
General Obligation Bonds	222,259,855	3.51	7,801,321
Revenue Bonds	712,717,846	3.51	25,016,396
Certificates of Participation	246,517,627	3.51	8,652,769
Loans Payable	1,677,337	3.51	58,875
Capital Lease Obligations	361,144,312	3.51	12,676,165
Regional Transit Authority:			
General Obligation Bonds	<u>126,876,963</u>	3.51	<u>4,453,381</u>
Total Overlapping	<u>1,714,962,979</u>		<u>89,807,992</u>
Total	<u>\$1,818,468,295</u>		<u>\$193,313,308</u>

**Source:** Office of the Fiscal Officer, 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 2018 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	General Bonded Debt			Other General Debt		Total Debt
	General Bonded Debt (1)	Ratio of Bonded Debt to Estimated Actual Value (2)	Bonded Debt per Capita (3)	Certificates of Participation		
2018	\$100,849,636	3.32 %	\$3,313	\$2,655,680		\$103,505,316
2017	4,322,025	0.14	142	2,719,188		7,041,213
2016	6,401,646	0.21	210	2,787,696		9,189,342
2015	8,426,266	0.29	277	2,851,203		11,277,469
2014	10,555,354	0.36	347	2,909,711		13,465,065
2013	12,135,528	0.42	399	2,973,219		15,108,747
2012	12,768,835	0.43	419	3,026,727		15,795,562
2011	16,997,212	0.57	558	0		16,997,212
2010	14,806,925	0.50	517	0		14,806,925
2009	15,462,270	0.49	540	0		15,462,270

(1) Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

(2) The Estimated Actual Value can be found on S10-S11

(3) The population can be found on S24

(4) The personal income can be found on S24

**Source:** Office of the Treasurer, North Royalton City School District,  
 Cuyahoga County Fiscal Officer and the U.S Census Bureau



<u>Ratio of General Debt to Personal Income (4)</u>	<u>General Debt per Capita (3)</u>
10.66 %	\$3,399.86
0.73	231.28
0.95	301.84
1.16	370.43
1.39	442.29
1.56	496.28
1.63	518.84
1.75	558.31
1.94	516.86
2.03	539.73

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

	2018	2017	2016	2015
Residential/Agricultural Real Property	\$905,176,150	\$900,907,390	\$896,397,400	\$877,428,500
Commercial/Industrial Real Property	147,442,070	144,093,270	139,499,910	143,485,140
Tangible Personal Property	0	0	0	0
Public Utility Tangible	26,107,970	24,467,500	22,972,440	22,479,140
Assessed Valuation	<u>\$1,078,726,190</u>	<u>\$1,069,468,160</u>	<u>\$1,058,869,750</u>	<u>\$1,043,392,780</u>
Debt Limit - 9% of Assessed Value (2)	\$97,085,357	\$96,252,134	\$95,298,278	\$93,905,350
Amount of Debt Outstanding				
General Obligation Bonds	91,030,000	4,205,000	6,220,000	8,180,000
Certificates of Participation	2,690,000	2,755,000	2,825,000	2,890,000
Less Amount Available in Debt Service	<u>(10,977,047)</u>	<u>(3,172,156)</u>	<u>(3,665,280)</u>	<u>(3,920,663)</u>
Total	82,742,953	3,787,844	5,379,720	7,149,337
Exemptions:				
Certificates of Participation	<u>(2,690,000)</u>	<u>(2,755,000)</u>	<u>(2,825,000)</u>	<u>(2,890,000)</u>
Amount of Debt Subject to Limit	<u>80,052,953</u>	<u>1,032,844</u>	<u>2,554,720</u>	<u>4,259,337</u>
Overall Debt Margin	<u>\$17,032,404</u>	<u>\$95,219,290</u>	<u>\$92,743,558</u>	<u>\$89,646,013</u>
Legal Debt Margin as a Percentage of Debt Limit	17.54%	98.93%	97.32%	95.46%
Unvoted Legal Debt Limit - .10% of Assessed Value (2)	\$1,078,726	\$1,069,468	\$1,058,870	\$1,043,393
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Debt Margin	<u>\$1,078,726</u>	<u>\$1,069,468</u>	<u>\$1,058,870</u>	<u>\$1,043,393</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%

**Source:** Cuyahoga County Fiscal Officer 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.

2014	2013	2012	2011	2010	2009 (1)
\$871,126,480	\$867,571,890	\$890,386,710	\$885,827,130	\$880,649,410	\$919,081,060
142,923,040	142,989,250	149,838,910	148,183,220	147,271,440	148,347,310
0	0	0	0	0	3,681,598
21,388,440	19,486,420	17,900,300	17,182,820	16,176,820	15,178,170
<u>\$1,035,437,960</u>	<u>\$1,030,047,560</u>	<u>\$1,058,125,920</u>	<u>\$1,051,193,170</u>	<u>\$1,044,097,670</u>	<u>\$1,086,288,138</u>
\$93,189,416	\$92,704,280	\$95,231,333	\$94,607,385	\$93,968,790	\$97,765,932
9,870,000	11,295,000	12,675,000	12,789,277	12,954,974	13,480,111
2,950,000	3,015,000	3,070,000	0	0	0
(3,775,408)	(3,728,727)	(3,747,744)	(3,735,956)	(3,635,223)	(3,225,464)
9,044,592	10,581,273	11,997,256	9,053,321	9,319,751	10,254,647
(2,950,000)	(3,015,000)	(3,070,000)	0	0	0
6,094,592	7,566,273	8,927,256	9,053,321	9,319,751	10,254,647
<u>\$87,094,824</u>	<u>\$85,138,007</u>	<u>\$86,304,077</u>	<u>\$85,554,064</u>	<u>\$84,649,039</u>	<u>\$87,511,285</u>
93.46%	91.84%	90.63%	90.43%	90.08%	89.51%
\$1,035,438	\$1,030,048	\$1,058,126	\$1,051,193	\$1,044,098	\$1,086,288
0	0	0	0	0	0
<u>\$1,035,438</u>	<u>\$1,030,048</u>	<u>\$1,058,126</u>	<u>\$1,051,193</u>	<u>\$1,044,098</u>	<u>\$1,086,288</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**North Royalton City School District**

*Demographic and Economic Statistics*

*Last Ten Years*

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<u>Year</u>	<u>Estimated Population</u>	<u>Total Personal Income</u>	<u>Personal Income Per Capita</u>	<u>Median Household Income</u>	<u>Median Age</u>
2018	30,444	\$971,194,044	\$31,901	\$61,954	38.60
2017	30,444	971,194,044	31,901	61,954	38.60
2016	30,444	971,194,044	31,901	61,954	38.60
2015	30,444	971,194,044	31,901	61,954	38.60
2014	30,444	971,194,044	31,901	61,954	38.60
2013	30,444	971,194,044	31,901	61,954	38.60
2012	30,444	971,194,044	31,901	61,954	38.60
2011	30,444	971,194,044	31,901	61,954	38.60
2010	28,648	762,323,280	26,610	57,398	38.60
2009	28,648	762,323,280	26,610	57,398	38.60

**Source:** U.S. Census Bureau  
2009-2010, 2000 Census  
2011-2018, 2010 Census

(1) Information includes only the City of North Royalton.

Median Value of Residential Property	Cuyahoga County Unemployment Rate	Total Assessed Property Value
\$199,200	4.9 %	\$1,078,726,190
199,200	5.4	1,069,468,160
199,200	5.6	1,058,869,750
199,200	6.7	1,043,392,780
199,200	7.9	1,035,437,960
199,200	8.0	1,030,047,560
199,200	8.2	1,058,125,920
199,200	8.6	1,051,193,170
175,000	9.7	1,044,097,670
175,000	10.2	1,086,288,138

**North Royalton City School District**  
*Principal Employers*  
*December 31, 2013 and December 31, 2005 (1)*

<b>2013</b>			
Employer	City	Nature of Business or Activity	Number of Employees
North Royalton City School District	North Royalton	Public Education	546
Northeast Care Center, Incorporated	North Royalton	Residential/Habilitative Service for Disability	497
Diplomate Care	North Royalton	Nursing Home	252
City of North Royalton	North Royalton	Government	248
Riser Foods Company	North Royalton	Grocery Store	203
Cuyahoga County Government	North Royalton	County Government	160
I & MJ Gross	North Royalton	Owner Developer	150
Laszeray Technologies	North Royalton	Advanced Manufacturing	94
Valley Tool & Die, Incorporated	North Royalton	Machine Fasteners	71
Royal Wire Products, Incorporated	North Royalton	Manufacturer	69
Total			<u>2,290</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	541
Patrician, Incorporated	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, Incorporated	North Royalton	Residential/Habilitative Service for Disability	150
Krenz Krist	North Royalton	Metal Fabricators	75
Valley Tool & Die, Incorporated	North Royalton	Machining Fasteners	64
Royal Wire Products, Incorporated	North Royalton	Wire Products	50
Seneca Tape and Label, Incorporated	North Royalton	Tape and Label Services	40
Total			<u>1,827</u>
Total Employment within the School District			<u>N/A</u>

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

(1) Information prior to 2005 is not available, and 2013 is the most current information available.

N/A - Information not available

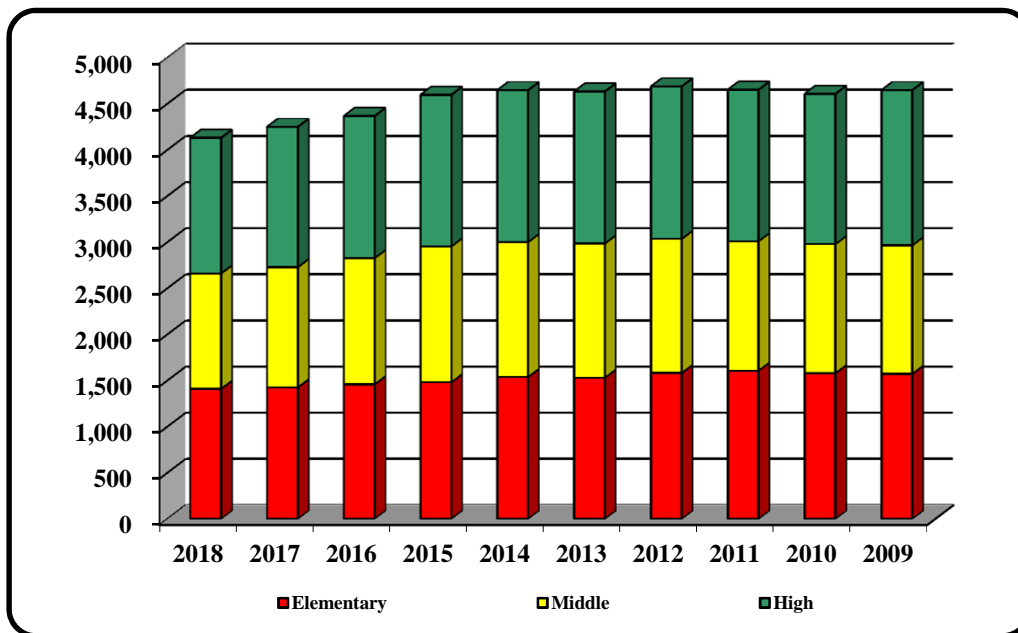


## North Royalton City School District

### *Enrollment Statistics*

#### *Last Ten Fiscal Years*

Fiscal Year	Elementary Schools (1)	Middle School	High School	Total
2018	1,410	1,250	1,470	4,130
2017	1,426	1,303	1,520	4,249
2016	1,459	1,367	1,540	4,366
2015	1,482	1,472	1,643	4,597
2014	1,539	1,462	1,646	4,647
2013	1,531	1,455	1,646	4,632
2012	1,583	1,453	1,651	4,687
2011	1,607	1,403	1,641	4,651
2010	1,580	1,399	1,628	4,607
2009	1,573	1,393	1,681	4,647



**Source:** North Royalton City School Records

(1) Enrollment includes Kindergarten students

**North Royalton City School District**

*Building Statistics by Function/Program*

*Last Ten Fiscal Years*

	2018	2017	2016	2015 (1)
<b>Albion Elementary School</b>				
Constructed in 1955				
Total Building Square Footage	45,405	45,405	45,405	45,405
Enrollment Grades K - 4	484	496	479	408
Student Capacity	476	476	476	476
Regular Instruction Classrooms	20	20	20	18
Regular Instruction Teachers	22	20	20	18
Special Instruction Classrooms	2	2	2	3
Special Instruction Teachers	4	3	3	3
<b>Royal View Elementary School</b>				
Constructed in 1965				
Total Building Square Footage	48,460	48,460	48,460	48,460
Enrollment Grades K - 4	500	494	529	397
Student Capacity	525	525	525	525
Regular Instruction Classrooms	17	17	17	25
Regular Instruction Teachers	20	17	17	25
Special Instruction Classrooms	2	2	2	3
Special Instruction Teachers	10	4	4	3
<b>Valley Vista Elementary School</b>				
Constructed in 1959				
Total Building Square Footage	42,536	42,536	42,536	42,536
Enrollment Grades K - 4	426	436	451	401
Student Capacity	426	426	426	426
Regular Instruction Classrooms	17	17	17	18
Regular Instruction Teachers	23	17	17	18
Special Instruction Classrooms	2	2	2	2
Special Instruction Teachers	2	2	2	2
<b>North Royalton Middle School</b>				
Constructed in 1996				
Total Building Square Footage	242,400	242,400	242,400	242,400
Enrollment Grades 5 - 8	1,250	1,303	1,367	1,472
Student Capacity	1,300	1,300	1,300	1,300
Regular Instruction Classrooms	64	54	54	64
Regular Instruction Teachers	76	54	54	64
Special Instruction Classrooms	11	4	4	10
Special Instruction Teachers	11	8	8	10
<b>High School</b>				
Constructed in 1950				
Total Building Square Footage	260,900	260,900	260,900	260,900
Enrollment Grades 9 - 12	1,470	1,520	1,540	1,643
Student Capacity	1,480	1,480	1,480	1,480
Regular Instruction Classrooms	66	66	66	64
Regular Instruction Teachers	72	72	72	64
Special Instruction Classrooms	10	9	9	9
Special Instruction Teachers	10	10	10	9

Source: North Royalton City School District Records

(1) In fiscal years 2015 and prior, Kindergarten students were housed at the Early Childhood Center, which was rented from Broadview Heights.

2014	2013	2012	2011	2010	2009
45,405	45,405	45,405	45,405	45,405	45,405
391	382	437	407	389	398
476	476	476	476	476	476
18	18	18	18	18	18
18	18	18	18	18	18
3	3	3	3	3	3
3	3	3	3	3	3
48,460	48,460	48,460	48,460	48,460	48,460
392	414	441	446	470	440
525	525	525	525	525	525
25	25	25	25	25	25
25	25	25	25	25	25
3	3	3	3	3	3
3	3	3	3	3	3
42,536	42,536	42,536	42,536	42,536	42,536
406	421	390	393	396	424
426	426	426	426	426	426
18	18	18	18	18	18
18	18	18	18	18	18
2	2	2	2	2	2
2	2	2	2	2	2
242,400	242,400	242,400	242,400	242,400	242,400
1,462	1,455	1,453	1,403	1,399	1,393
1,300	1,300	1,300	1,300	1,300	1,300
64	64	64	64	64	64
64	64	64	64	64	64
10	10	10	10	10	10
10	10	10	10	10	10
260,900	260,900	260,900	260,900	260,900	260,900
1,646	1,646	1,651	1,641	1,628	1,681
1,480	1,480	1,480	1,480	1,480	1,480
64	64	64	64	64	64
64	64	64	64	64	64
9	9	9	9	9	9
9	9	9	9	9	9

**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
2018	4,130	(2.80) %	\$57,069,336	\$13,818
2017	4,249	(2.68)	54,138,071	12,741
2016	4,366	(5.03)	52,545,760	12,035
2015	4,597	(1.08)	52,714,383	11,467
2014	4,647	0.32	52,199,040	11,233
2013	4,632	(1.17)	52,088,549	11,245
2012	4,687	0.77	53,689,354	11,455
2011	4,651	0.96	51,961,121	11,172
2010	4,607	(0.86)	47,728,624	10,360
2009	4,647	(1.15)	47,624,696	10,248

**Source:** School District Records  
Ohio Department of Education

(1) Debt Service totals have been excluded.

Governmental Activities		Food Service Operations	
Total Expenses (1)	Per Pupil Cost	Number of Students Receiving Free or Reduced Lunch	Percentage of Free or Reduced Lunches to Total Enrollment
\$31,169,861	\$7,547	614	14.87 %
57,547,038	13,544	663	15.60
52,554,905	12,037	738	16.90
52,498,646	11,420	775	16.86
53,127,065	11,433	729	15.69
53,018,188	11,446	752	16.23
53,617,488	11,440	831	17.73
50,946,561	10,954	765	16.45
48,143,504	10,450	807	17.52
49,127,661	10,572	460	9.90

**North Royalton City School District**  
*School District Employees by Function/Program*  
*Last Ten Fiscal Years*

Function/Program	2018	2017	2016	2015
<b>Regular Instruction</b>				
Elementary Classroom Teachers	70	71	71	75
Middle School Classroom Teachers	76	76	74	73
High School Classroom Teachers	72	73	73	76
<b>Special Instruction</b>				
Small Group Instructors	6	6	7	8
Elementary Classroom Teachers	16	15	14	14
Gifted Education Teachers	3	3	3	3
Middle School Classroom Teachers	11	11	11	11
High School Classroom Teachers	10	10	10	9
<b>Vocational Instruction</b>				
High School Classroom Teachers	0	0	0	0
<b>Pupil Support Services</b>				
Guidance Counselors	11	11	11	11
Media Specialists	2	2	2	2
Psychologists	5	5	5	5
Speech and Language Pathologists	5	5	5	5
<b>Administrators</b>				
Elementary	3	3	3	4
Middle School	4	4	4	4
High School	4	4	4	4
Districtwide	7	7	7	6
Total Certificated Staff	305	306	304	310
<b>Support Staff</b>				
Elementary Schools	56	57	57	65
Middle School	47	50	50	50
High School	49	53	53	51
Districtwide	80	82	82	82
Total Support Staff	232	242	242	248
Total Staffing	537	548	546	558

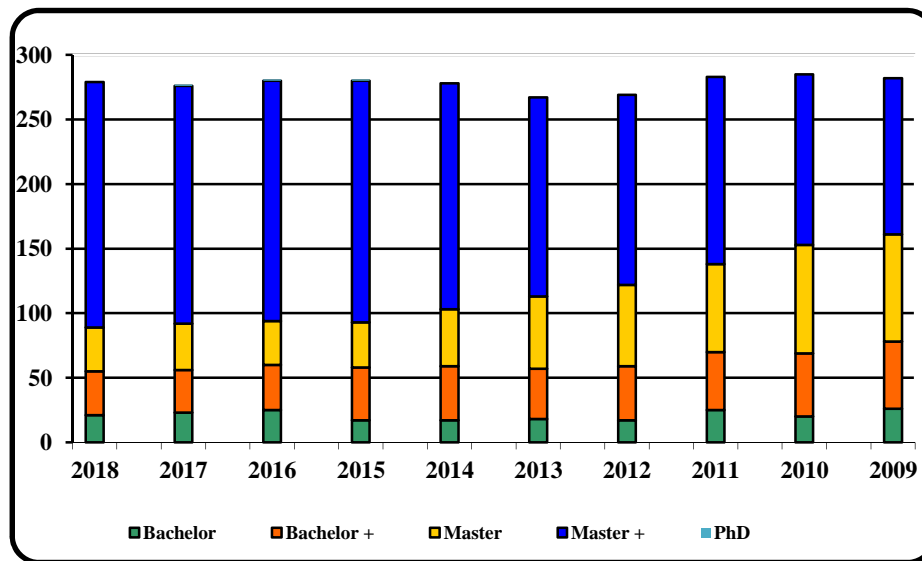
**Method:** Using 1.0 for each full-time employee at fiscal year end.

**Source:** North Royalton City School District Records

2014	2013	2012	2011	2010	2009
75	79	81	81	83	87
74	76	76	78	78	79
75	72	73	79	76	78
8	8	7	10	10	10
14	14	14	13	13	13
3	3	3	3	3	3
11	11	10	10	10	10
9	9	10	9	9	10
0	2	2	2	2	2
11	11	11	11	11	11
2	1	2	4	4	4
5	5	5	4	4	4
5	5	5	6	6	6
4	4	4	4	4	4
3	3	3	4	4	4
4	4	4	5	5	5
7	6	6	5	5	5
<u>310</u>	<u>313</u>	<u>316</u>	<u>328</u>	<u>327</u>	<u>335</u>
66	66	66	69	69	67
49	48	48	49	49	48
50	49	52	52	52	49
83	84	84	84	84	79
<u>248</u>	<u>247</u>	<u>250</u>	<u>254</u>	<u>254</u>	<u>243</u>
<u>558</u>	<u>560</u>	<u>566</u>	<u>582</u>	<u>581</u>	<u>578</u>

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

Degree	2018	2017	2016	2015
Bachelor	21	23	25	17
Bachelor +6	5	7	4	6
Bachelor +12	7	4	8	6
Bachelor +18	2	1	1	2
Bachelor +24	4	5	4	5
Bachelor +30	16	16	18	22
Master	34	36	34	35
Master +6	38	34	34	41
Master +12	49	55	62	63
Master +18	42	40	36	33
Master +24	19	15	12	11
Master +30	9	8	9	8
Master +36	6	8	8	9
Master +42	7	5	7	6
Master +48	20	19	18	16
PhD	0	0	0	0
<b>Total</b>	<b>279</b>	<b>276</b>	<b>280</b>	<b>280</b>



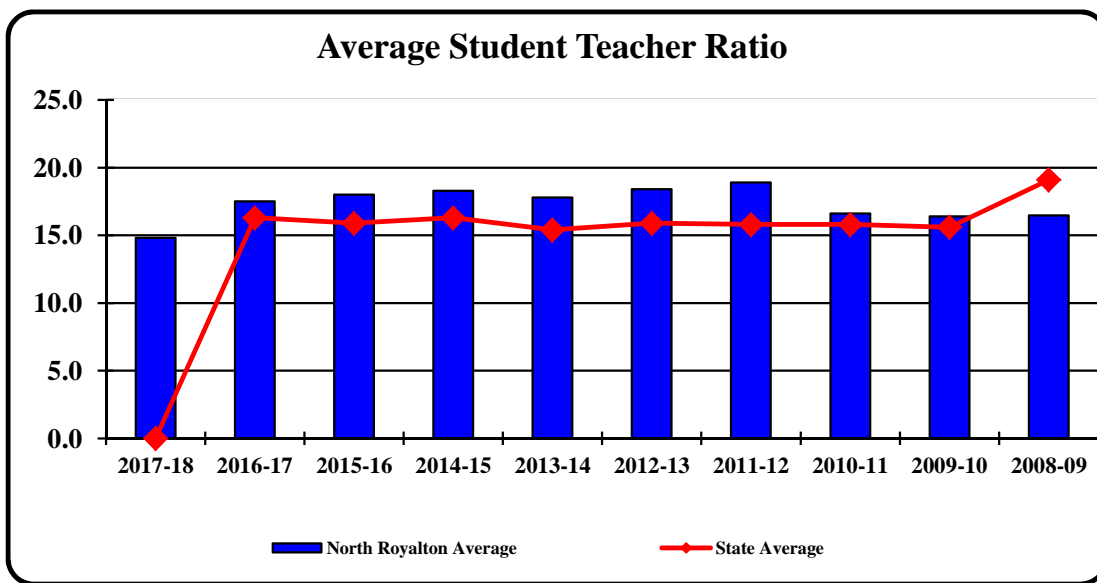
**Source:** School District Records



2014	2013	2012	2011	2010	2009
17	18	17	25	20	26
6	5	6	7	8	7
8	4	3	7	6	5
4	4	8	6	7	9
4	4	3	2	3	9
20	22	22	23	25	22
44	56	63	68	84	83
53	50	47	49	37	27
44	38	39	42	42	45
30	27	26	23	23	23
9	11	9	9	8	8
12	6	8	8	7	4
6	8	5	2	2	1
5	4	5	3	3	3
16	10	8	9	10	10
0	1	1	1	0	0
278	268	270	284	285	282

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

Fiscal Year	North Royalton Average	State Average
2018	14.8	N/A
2017	17.5	16.3
2016	18.0	15.9
2015	18.3	16.3
2014	17.8	15.4
2013	18.4	15.9
2012	18.9	15.8
2011	16.6	15.8
2010	16.4	15.6
2009	16.5	19.1



**Source:** Ohio Department of Education, EMIS Reports

**N/A:** Not Available

OHIO AUDITOR OF STATE  
**KEITH FABER**



**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 17, 2019**