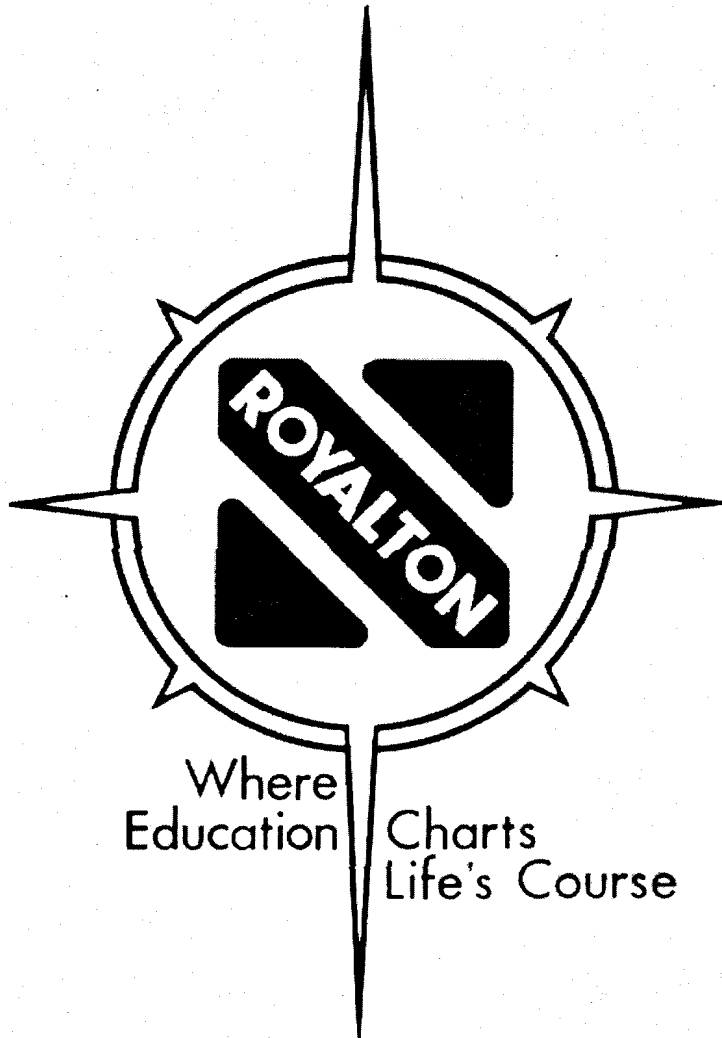
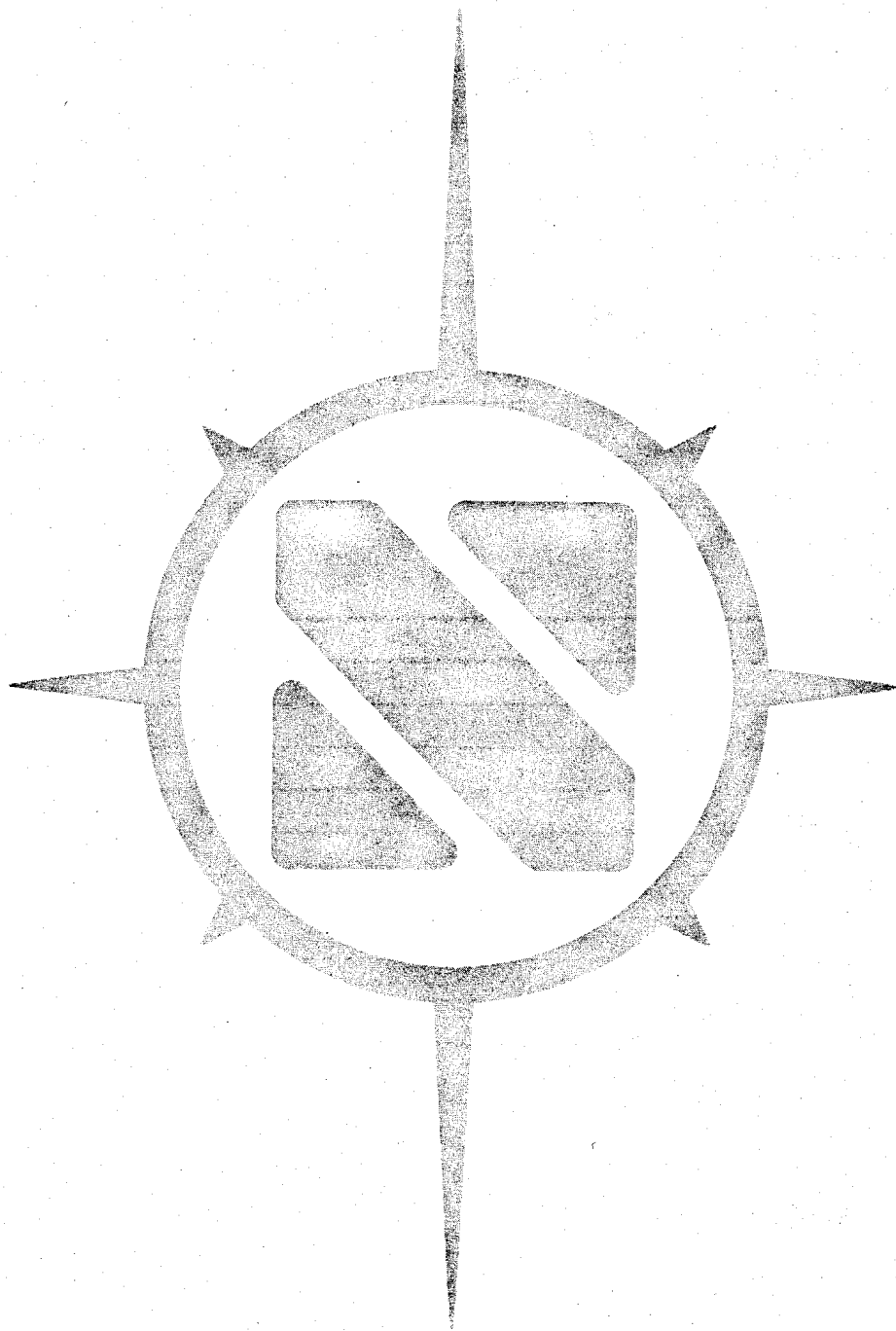


North Royalton City Schools



Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2001

Issued by: Treasurer's Office, North Royalton City Schools
6579 Royalton Road, North Royalton, Ohio 44133





STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

To Board of Education
North Royalton City School District

We have reviewed the Independent Auditor's Report of the North Royalton City School District, Cuyahoga County, prepared by Grant Thornton LLP, for the audit period July 1, 2000 to June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The North Royalton City School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 10, 2002

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**INTRODUCTORY
SECTION**

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North Royalton City School District

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2001

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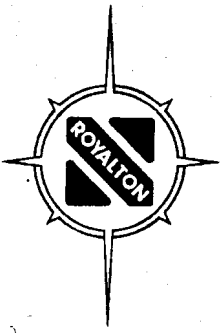
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NORTH ROYALTON CITY SCHOOLS

Office of the Treasurer

6579 Royalton Road
North Royalton, Ohio 44133

440-582-7273
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November 20, 2001

Board of Education Members
North Royalton City School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the North Royalton City School District ("District") for the fiscal year ended June 30, 2001. This CAFR, which includes financial statements and other financial and statistical data, conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the District.

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

This report is divided into the following sections:

- I. **The Introductory Section**, which includes this transmittal letter, a list of principal officials, and the District's organizational chart.
- II. **The Financial Section**, which includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the Independent Accountants' Report on the financial statements and schedules.
- III. **The Statistical Section**, which includes related financial and demographic information, generally presented on a multi-year basis.

The District

The North Royalton City School District is governed by the Constitution of the State of Ohio and various statutes enacted by the Ohio General Assembly through the State Department of Education. Under Ohio law, the 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 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 District includes 98.5% of the City of North Royalton and 24.7% of the City of Broadview Heights (1.5% of the City of North Royalton and 75.3% of the City of Broadview Heights are in the Brecksville-Broadview Heights City School District). The 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.

Population in the City of North Royalton increased from approximately 20,600 in 1988 to approximately 27,000 in 1998 (a 31% increase). This growth caused school enrollment to increase by 1,360 (47%) in the same period.

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

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

The success of North Royalton students is a reflection of the community as a whole with parents, businesses, residents and educators working together to form a district of which we can all be proud.

The Reporting Entity

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

Numerous entities operate within the District's geographical boundaries. These entities have been excluded from the accompanying financial statements because the District cannot legally access their resources, the District has no obligation to finance deficits or provide financial support to them and the District is not obligated for their debts.

Major Educational Initiatives:

2000 - 2001 School Year

- Continued to upgrade technology, specifically through staff development to enable more efficient utilization of technology as a support to instruction.
- Continued the cycle of curriculum review, enabling monitoring and updating of the K-12 educational program.
- Developed Continuous Improvement Plans that are designed to improve student performance on proficiency tests (K-12).

For the Future

- Continue to work collaboratively with our state representatives regarding school funding, specifically protecting the interests of our district.
- Continue implementation of interactive distance learning opportunities for students and staff.
- Enhance our professional development program to support delivery of instruction
- Strive to sustain District-wide accreditation from the North Central Association.

The District intends to put a new bond issue on the ballot in 2002 to provide for the following:

- construction of a new 600-student elementary school building
- increasing instructional space for music and art at the high school
- refurbishing and updating the three existing elementary buildings
- renovating the 50-year-old addition of the high school
- continued improvements in technology

Financial Information

The District's accounting system is organized on a "fund" basis where each fund (and account group) is a distinct, self-balancing accounting entity. Beginning with the year ended June 30, 1992, the District changed its basis of accounting from the cash basis to:

1. The modified accrual basis for governmental funds, where the measurement focus is the flow of current financial resources.
2. The accrual basis for proprietary operations, where the measurement focus is on reporting all assets and liabilities associated with these activities.

This change to the accrual and modified accrual bases of accounting was accomplished according to generally accepted accounting principals (GAAP).

Governmental and fiduciary fund types are accounted for on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Revenue items, which are susceptible to accrual, are recorded as receivable. Expenditures are recognized and recorded as liabilities when incurred, with the exception of accumulated unpaid employee compensation which is not payable from current expendable financial resources, and general long term obligation debt which is recognized as a liability and recorded when due.

Proprietary fund types are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary fund unbilled services receivable are recognized as revenue in the period when the services are provided.

Internal Control

In developing and evaluating the District's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are in place and are designed to provide reasonable, but not absolute assurance regarding:

- (1) safeguarding against loss of assets; and
- (2) reliability of financial data used in preparing the financial statements and maintaining the accountability of assets.

The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be gained from the implementation of the controls. Management believes that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

The District also maintains a series of budgetary controls. These controls are in place to ensure compliance with legal requirements of the District's annual appropriation measure. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by object in the general fund and at the fund level for all other funds.

One such budgetary control is the encumbrance accounting system utilized by the District. Encumbrances are made when the District makes an obligation to purchase an item or service and they are not relieved until payment is made or the District revokes that obligation. Open encumbrances are reviewed at fiscal year end and, if determined to still be valid, are carried over to the succeeding fiscal year. Special attention is given to encumbrances which have been in effect for a long period of time. For governmental funds, encumbrances are reported as a reservation of fund balance at year-end.

Budgets, including encumbrances, are legally adopted and controlled on a cash basis. For that reason, the **Combined Statement Of Revenues, Expenditures and Changes In Fund Balances - Budget And Actual (Budget Basis)** reports actual cash revenues and expenditures (including encumbrances) compared to budget amounts. Unencumbered appropriations terminate at year-end.

Governmental Functions

The following schedule presents a summary of revenues for the governmental and expendable trust funds, which include general, special revenue, debt service, capital projects and expendable trust fund types for the fiscal year ended June 30, 2001:

REVENUES			
	<u>Fiscal 2001</u>	<u>Fiscal 2000</u>	<u>%Increase/ (Decrease)</u>
Property Taxes	\$23,556,926	\$21,489,911	9.6%
Earnings on Investments	344,644	362,541	(4.9)%
Extracurricular Activities	172,601	154,521	11.7%
Classroom Materials & Fees	100,881	111,257	(9.3)%
Intergovernmental	9,294,779	8,427,372	10.3%
Other	409,164	231,266	76.9%
Total Revenues	<u>\$33,878,995</u>	<u>\$30,776,868</u>	10.1%

Local property tax is the key revenue component of the District. The chart above shows an increase (on a GAAP basis) in property tax revenues from Fiscal Year 2000 to Fiscal Year 2001.

Approximately 86.5 percent of tax revenue is utilized for general fund operations, 10.7 percent is utilized for debt service fund activities and 2.8 percent is utilized for permanent improvements. Real estate tax revenues have been growing from year to year due, primarily, to new residential construction.

"Extracurricular Activities" revenues are comprised primarily of gate receipts & ticket sales from student events and funds donated by the local student activities booster organizations.

"Classroom Materials & Fees" include general classroom fees, fees for supplies and student fines.

"Intergovernmental" include "rollback" reimbursements from the State of Ohio, State Foundation Program receipts, State and Federal grants and other reimbursements from the State. Rollback is a 12½% reduction in taxes for residential real estate property owners and a 10% reduction in taxes for commercial real estate property owners. The State reimburses those funds to school districts. The State Foundation funds are determined and controlled by the State Legislature. Intergovernmental payments provided approximately 27 percent of the District's general fund revenues for the fiscal year ended June 30, 2001.

In July 1994, the District issued \$24 million in School Improvement General Obligation Bonds. Bond proceeds were utilized in Fiscal Years 1995, 1996, 1997 and 1998 for constructing and equipping a new Middle School. Funds remaining after completion of the construction project (primarily accumulated interest earned) have been utilized for permanent improvement projects.

The following schedule presents a summary of expenditures for governmental and expendable trust funds for the fiscal year ended June 30, 2001:

EXPENDITURES

	Fiscal 2001	Fiscal 2000	%Increase/ (Decrease)
Current:			
Instruction	\$18,014,094	\$16,878,389	6.7%
Support Services:			
Pupil	1,678,325	1,532,063	9.5%
Instructional	1,860,622	1,743,107	6.7%
Administration	2,672,500	2,355,345	13.5%
Business & Fiscal Services	943,231	963,201	(2.1)%
Plant Operations/Maintenance	2,985,176	2,734,729	9.2%
Pupil Transportation	2,418,968	2,129,235	13.6%
Central Services	95,031	120,075	(20.9)%
Community Service	395,668	397,691	(0.5)%
Other	88,888	71,086	25.0%
Extracurricular Activities	760,587	667,421	14.0%
Capital Outlay	10,581	357,399	(97.0)%
Debt Service	2,627,570	2,628,381	0.0%
Total Expenditures	<u>\$34,551,241</u>	<u>\$32,578,122</u>	6.1%

"Instruction" includes the salaries and benefits of teachers, textbooks, classroom supplies and classroom equipment.

Of the total Support Services expenditures, "Plant Operations & Maintenance" made up 23.6% and "Pupil Transportation" made up 19.1%.

Debt Service expenditures relate to general obligation bonds: a 1988 issue that was re-financed in 1993 and the 1994 Middle School bond issue.

"Capital Outlay" included purchases of textbooks and educational equipment and repairs to facilities.

The budget basis general fund balance at June 30, 2001 was \$353,105. Under the modified accrual basis of accounting, the general fund had a deficit fund balance at June 30, 2001 of (\$936,047). The primary components of the difference between the two were the accrued salaries and benefits which have been recognized as expenditures of the current fiscal year and the difference in "tax monies collected and available for advance as of June 30th."

Proprietary Operations

Enterprise Funds

The District operates several enterprise activities, including the food service program and the rotary/bookstore fund. It is the Board of Education's desire to operate these programs on a self-supporting basis. Therefore, profit/loss measures must be maintained. These operations are classified and accounted for as enterprise funds.

The food service program provides lunches and other food-related services to the pupils and staff of the District's schools. It is among the very few programs in the State that have consistently operated on a self-supporting basis.

The rotary/bookstore fund accounts for all revenues and expenses related to the high school bookstore, evening school, Saturday enrichment, summer school and safety town.

Internal Service Funds

The District maintains one internal service fund for the purpose of isolating activity for fringe benefit plans.

Fiduciary Operations

Agency Fund

The District acts in an agency capacity for those activities managed by students.

Expendable Trust Fund

The expendable trust fund accounts for donations to be used for specific purposes, as specified by the donor.

Debt Administration

At June 30, 2001, the District had general obligation bonds outstanding of \$26,268,522. Under the Ohio Revised Code, total general obligation bonded debt is subject to legal limitations on both voted and unvoted debt. These limitations are 9.0% and 0.1% of the total assessed valuation of the District, respectively.

The District's total general obligation debt of \$26,268,522 is below the legal limit of \$70,637,884 (voted and unvoted). All bonds outstanding are general obligations of the District for which the full faith and credit of the District is pledged for repayment.

Cash Management

During the year, cash not needed for immediate use was invested. Investments at June 30, 2001 consisted of a certificate of deposit and a money market fund with a total carrying value of \$153,874 and an investment in the State Treasurer's Asset Reserve of Ohio (STAR Ohio) with a carrying value of \$3,525,758. The carrying value of these investments approximates their fair values at June 30, 2001.

STAR Ohio is a program administered by the Office of the Treasurer of the State of Ohio. STAR Ohio is an investment pool offered to political subdivisions of the State of Ohio for the investment of funds. STAR Ohio's investment portfolio consists of investments authorized by the Ohio Revised Code including instruments of the Federal government and its agencies and instrumentalities, collateralized certificates of deposit and repurchase agreements. This investment pool features daily liquidity of all funds, no minimum balance requirements and no service charges. Total GAAP-basis interest earned from these investments during the year was \$355,726.

Risk Management

The District provides hospital/medical, vision, dental and life insurance benefits for its employees on a partially self-insured basis. Third party administrators process and pay all claims. An excess coverage (stop loss) insurance policy covers the self-insured portion of hospital/medical claims in excess of (1) \$50,000 per employee and (2) an annual aggregate for the District of \$1,900,000 at June 30, 2001.

Self-insurance arrangements usually include savings on administrative costs and they allow the District to hold and earn interest on the reserves. The District utilizes fully insured programs only when the projected costs will be less than the self-insured alternative. This relationship is evaluated annually. Control of the plan rests with the District.

The District continues to protect its assets through a thorough and comprehensive insurance program.

Economic Condition and Outlook

The City of North Royalton is in a period of very rapid growth and the economic outlook is very good. The City's population increased by 31% (17,671 to 23,197) from the 1980 census to the 1990 census.

The number of new single-family homes being built in the City annually has averaged over 190 for the past decade. The new homes being built typically range in price from \$130,000 to \$240,000, with some homes costing over \$500,000.

The North Royalton City School District receives 70% of its governmental revenues from local property tax collections. Therefore, the long-term financial health of the District is very dependent on its tax base. While the total assessed valuation of the District's tax duplicate rose 42% in the past five years, the residential real estate component rose by 47%. This increase was primarily due to construction of new homes.

Financial Condition and Outlook

Ohio's system of funding public schools was declared unconstitutional by the Ohio Supreme Court on March 24, 1997 ("DeRolph I") and the Court directed the Legislature to address the problems. The 4 - 3 Court ruling ended a five-year battle over the constitutionality of Ohio's school funding system. The plaintiffs (500 school districts organized as the Ohio Coalition for Equity and Adequacy of School Funding) provided evidence to show that their school districts were starved for funds, lacked adequate buildings, textbooks and equipment and that their pupils were being deprived of educational opportunities.

On May 11, 2000, the Court rendered a second opinion, popularly known as "DeRolph II." The Court concluded that ". . . major areas warrant further attention, study and development . . ."

On September 6, 2001, the Court rendered a third opinion, "DeRolph III." The Court declared that the current school funding system, with some adjustments, is constitutional. Estimates of the State's additional cost to comply with the Court's decision range from \$400 million to \$1.2 billion per school year. While not setting a deadline for providing the additional funding to public schools, the Court stipulated that the funding must be retroactive to July 1, 2001. In a motion filed September 17, 2001, the State of Ohio asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and re-determine any issue upon reconsideration. It is unclear how this decision and the reconsideration will impact North Royalton City Schools.

Deregulation of public utilities, and the consequent reduction in tax rates, is a fact of life in Ohio. Gas utility and electric utility deregulation will begin affecting tax revenues on January 1, 2002. Public utility deregulation legislation, as approved, intends to hold school districts harmless from revenue losses for five years, beginning in 2002. There is no plan to continue hold-harmless funding for the majority of public schools after that.

Use of Report

This report is published to provide the Board of Education, the citizens in the North Royalton City School District and other interested persons, detailed information concerning the financial condition of the District, with particular emphasis placed on the utilization of resources during Fiscal Year 2001. Further, this report will serve as a guide to formulating policies and conducting the District's day-to-day activities. The information is presented in a manner designed to fairly set forth the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included.

In today's school finance environment it is increasingly important that public agencies prepare soundly conceived annual financial reports independently audited by a qualified firm or agency. It has become essential that such reports be prepared in accordance with generally accepted accounting principles (GAAP). Bond rating agencies review the data presented before determining a public agency's bond rating.

Legal Compliance/Independent Audit

Federal regulations require an annual audit of the District's financial statements and its compliance with certain grant requirements and the Ohio Revised Code. The firm of Grant Thornton LLP conducted the audit for the Fiscal Year 2001. In addition, the audit was designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The Independent Accountants' Report on the general-purpose financial statements and combining and individual fund statements and schedules are included in the Financial Section of this report.

Government Finance Officers 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 Schools for its comprehensive annual financial report for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

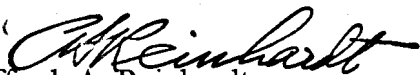
A Certificate of Achievement is valid for a period of one year only. North Royalton City Schools has received a Certificate of Achievement for the last eight consecutive years (fiscal years ended June 30, 1993 through June 30, 2000). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.


Acknowledgments

The preparation of this report was made possible by the dedicated service of the Treasurer's office staff.

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

Respectfully submitted,


Clifford A. Reinhardt
Treasurer


Jefferey R. Lampert
Superintendent

NORTH ROYALTON CITY SCHOOL DISTRICT

List of Principal Officials

Elected Officials/Board Of Education

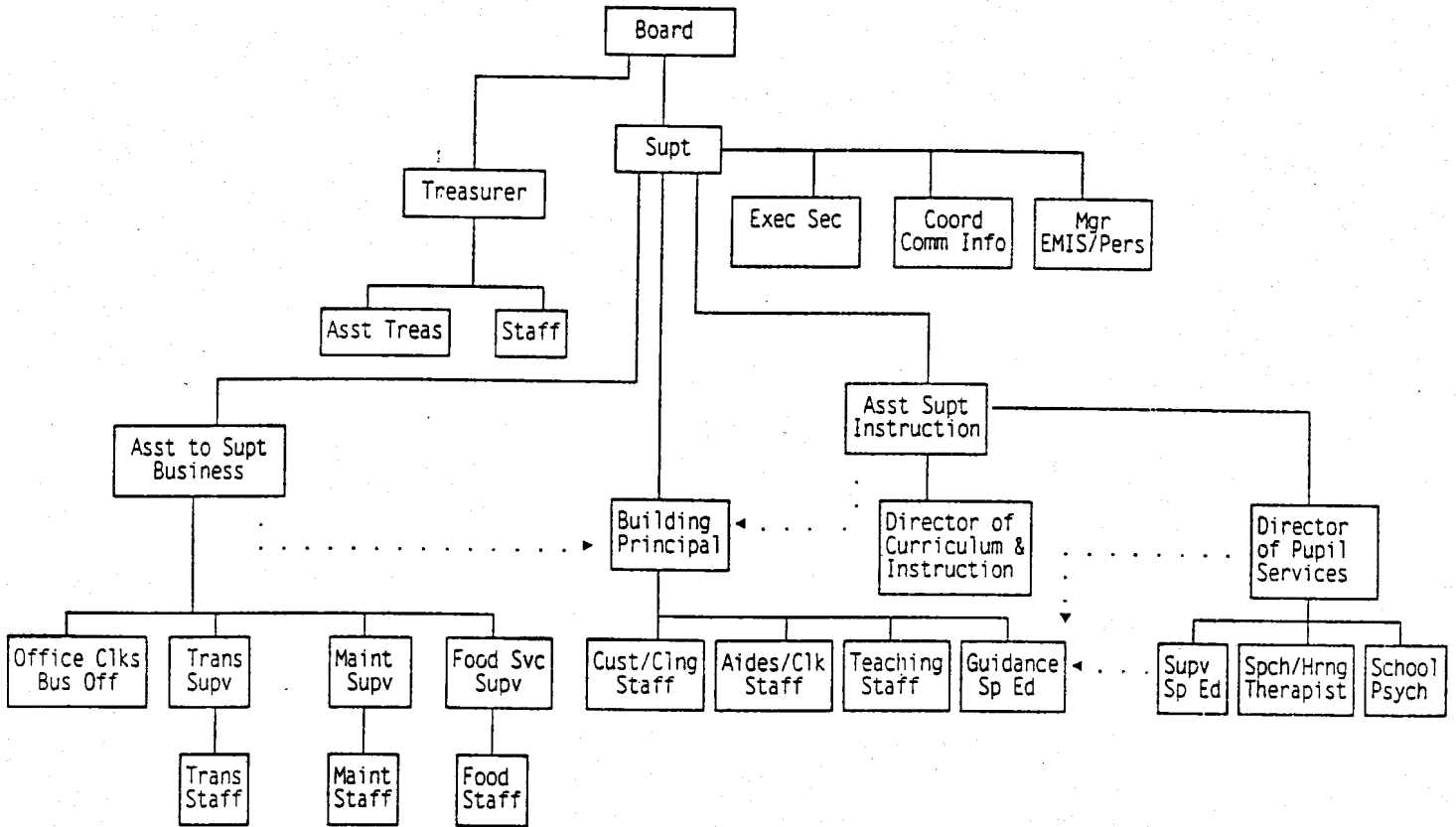
Heidi Dolezal	President
Catherine Bican	Vice President
Frank J. Pavlovicz	Member
Daniel R. Potopsky	Member
Barbara Soggs	Member

Administration

Jefferey R. Lampert	Superintendent
Malcolm M. Driver	Assistant Superintendent
Dale C. Saraniti	Assistant to the Superintendent
Patricia A. Murphy	Director of Curriculum & Instruction
James C. Rohlik	Director of Pupil Services
Clifford A. Reinhardt	Treasurer

NORTH ROYALTON CITY SCHOOL DISTRICT

ORGANIZATIONAL CHART



Key
 _____ Direct Supervision; Evaluation Responsibility
 Indirect Supervision

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Royalton City
Schools, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

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



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director



**FINANCIAL
SECTION**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Education
North Royalton City School District

We have audited the accompanying general-purpose financial statements of the North Royalton City School District, North Royalton, Ohio (the "District") as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2001 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

We did not audit the statistical data included in the Statistical Section of this report and, therefore, express no opinion thereon.

Grant Thornton LLP

Cleveland, Ohio
November 20, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

North Royalton City School District
 Cuyahoga County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 550,976	\$ 543,025	\$ 1,947,210	\$ 86,908
Cash in Segregated Accounts	-	-	-	43,329
Receivables:				
Taxes	21,938,628	-	2,495,455	713,898
Accounts	7,474	-	-	-
Intergovernmental	9,485	-	-	-
Due from Other Funds	3,386	-	-	-
Inventory	126,495	-	-	-
Fixed Assets (Net of Accumulated Depreciation in Enterprise Funds)	-	-	-	-
Other Debits:				
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided for Payment of Benefits	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-
Total Assets and Other Debits	<u>\$22,636,444</u>	<u>\$ 543,025</u>	<u>\$ 4,442,665</u>	<u>\$ 844,135</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts and Contracts Payable	\$ 109,557	\$ 173,172	\$ -	\$ 15,644
Intergovernmental Payable	298,570	-	-	-
Retainage Payable	-	-	-	43,329
Accrued Wages and Benefits Payable	2,463,635	1,954	-	-
Insurance Benefits Payable	333,232	-	-	-
Deferred Revenue	20,367,497	-	2,300,281	659,434
Due to Other Funds	-	3,386	-	-
Due to Students	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Total Liabilities	<u>23,572,491</u>	<u>178,512</u>	<u>2,300,281</u>	<u>718,407</u>
Fund Equity (Deficit) and Other Credits:				
Investment in General Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Unreserved Retained Earnings	-	-	-	-
Fund Balances (Deficits):				
Reserved for Encumbrances	139,821	104,756	-	48,814
Reserved for Inventory	126,495	-	-	-
Reserved for Property Tax Advance	1,571,131	-	195,174	54,464
Unreserved, Undesignated	(2,773,494)	259,757	1,947,210	22,450
Total Fund Equity (Deficit) and Other Credits	<u>(936,047)</u>	<u>364,513</u>	<u>2,142,384</u>	<u>125,728</u>
Total Liabilities, Equity and Other Credits	<u>\$22,636,444</u>	<u>\$ 543,025</u>	<u>\$ 4,442,665</u>	<u>\$ 844,135</u>

The accompanying notes are an integral part of the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 170,585	\$ 112,868	\$ 224,731	\$ -	\$ -	\$ 3,636,303
-	-	-	-	-	43,329
-	-	-	-	-	25,147,981
-	-	-	-	-	7,474
13,540	-	-	-	-	23,025
-	-	-	-	-	3,386
16,756	-	3,362	-	-	146,613
349,100	-	-	48,778,268	-	49,127,368
-	-	-	-	2,142,384	2,142,384
-	-	-	-	3,037,309	3,037,309
-	-	-	-	24,126,138	24,126,138
<u>\$ 549,981</u>	<u>\$ 112,868</u>	<u>\$ 228,093</u>	<u>\$ 48,778,268</u>	<u>\$ 29,305,831</u>	<u>\$ 107,441,310</u>
\$ 1,782	\$ 8,717	\$ 21,827	\$ -	\$ -	\$ 330,699
-	-	286	-	-	298,856
-	-	-	-	-	43,329
43,635	-	-	-	3,037,309	5,546,533
-	281,173	-	-	-	614,405
-	-	-	-	-	23,327,212
-	-	-	-	-	3,386
-	-	204,480	-	-	204,480
-	-	-	-	26,268,522	26,268,522
<u>45,417</u>	<u>289,890</u>	<u>226,593</u>	<u>-</u>	<u>29,305,831</u>	<u>56,637,422</u>
-	-	-	48,778,268	-	48,778,268
254,269	-	-	-	-	254,269
250,295	(177,022)	-	-	-	73,273
-	-	-	-	-	293,391
-	-	-	-	-	126,495
-	-	-	-	-	1,820,769
-	-	1,500	-	-	(542,577)
<u>504,564</u>	<u>(177,022)</u>	<u>1,500</u>	<u>48,778,268</u>	<u>-</u>	<u>50,803,888</u>
<u>\$ 549,981</u>	<u>\$ 112,868</u>	<u>\$ 228,093</u>	<u>\$ 48,778,268</u>	<u>\$ 29,305,831</u>	<u>\$ 107,441,310</u>

**North Royalton City School District
Cuyahoga County**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund**

For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
Revenues						
Taxes	\$ 20,367,471	\$ -	\$ 2,532,104	\$ 657,351	\$ -	\$ 23,556,926
Tuition	89,089	-	-	-	-	89,089
Earnings on Investments	314,228	20,705	-	9,711	-	344,644
Extracurricular Activities	-	172,601	-	-	-	172,601
Classroom Materials and Fees	100,881	-	-	-	-	100,881
Intergovernmental	7,798,436	862,429	323,629	310,285	-	9,294,779
Donations	-	-	-	-	2,000	2,000
Other	225,001	93,074	-	-	-	318,075
Total Revenues	28,895,106	1,148,809	2,855,733	977,347	2,000	33,878,995
Expenditures						
Current:						
Instruction:						
Regular and Special Instruction	16,761,209	222,980	-	362,698	-	17,346,887
Vocational, Adult and Other Instruction	657,050	10,157	-	-	-	667,207
Support Services:						
Pupil Services	1,658,325	20,000	-	-	-	1,678,325
Instructional Staff	1,626,395	234,227	-	-	-	1,860,622
Administration	2,659,073	-	-	13,427	-	2,672,500
Business and Fiscal Services	941,320	1,911	-	-	-	943,231
Plant Operation and Maintenance	2,737,232	-	-	247,944	-	2,985,176
Pupil Transportation	2,039,885	-	-	379,083	-	2,418,968
Central	95,031	-	-	-	-	95,031
Community Services	-	393,668	-	-	2,000	395,668
Other Non-Instructional	88,888	-	-	-	-	88,888
Extracurricular	510,574	250,013	-	-	-	760,587
Capital Outlay	-	-	-	10,581	-	10,581
Debt Service:						
Principal	-	-	1,295,000	-	-	1,295,000
Interest and Fiscal Charges	-	-	1,332,570	-	-	1,332,570
Total Expenditures	29,774,982	1,132,956	2,627,570	1,013,733	2,000	34,551,241
Excess (Deficiency) of Revenues Over (Under) Expenditures	(879,876)	15,853	228,163	(36,386)	-	(672,246)
Other Financing Sources (Uses)						
Operating Transfers-In	441,896	30,000	-	-	-	471,896
Operating Transfers-Out	(471,896)	-	-	-	-	(471,896)
Sale of Assets	1,100	-	-	-	-	1,100
Total Other Financing Sources (Uses)	(28,900)	30,000	-	-	-	1,100
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(908,776)	45,853	228,163	(36,386)	-	(671,146)
Fund Balances (Deficit) at Beginning of Fiscal Year	(102,980)	318,660	1,914,221	162,114	1,500	2,293,515
Residual Equity Transfer	75,709	-	-	-	-	75,709
Fund Balances (Deficit) at End of Fiscal Year	\$ (936,047)	\$ 364,513	\$ 2,142,384	\$ 125,728	\$ 1,500	\$ 1,698,078

The accompanying notes are an integral part of the general purpose financial statements.

North Royalton City School District

Cuyahoga County

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Budget Basis)

All Governmental Fund Types and Expendable Trust Fund

General Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 20,302,523	\$ 20,302,523	\$ -
Tuition	89,089	89,089	-
Earnings on Investments	325,267	325,267	-
Classroom Materials and Fees	100,881	100,881	-
Intergovernmental	7,803,136	7,803,136	-
Other	<u>207,479</u>	<u>216,155</u>	<u>8,676</u>
Total Revenues	<u>28,828,375</u>	<u>28,837,051</u>	<u>8,676</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction	14,743,932	14,743,932	-
Special Instruction	1,773,643	1,773,643	-
Vocational, Adult and Other Instruction	769,589	769,589	-
Support Services:			
Pupil Services	1,657,182	1,657,182	-
Instructional Staff	1,618,933	1,618,933	-
Board of Education	15,634	15,634	-
Administration	2,562,583	2,562,583	-
Business and Fiscal Services	930,612	930,612	-
Plant Operation and Maintenance	2,756,267	2,756,267	-
Pupil Transportation	1,905,025	1,905,025	-
Central	120,253	120,253	-
Community Services	88,935	88,935	-
Extracurricular	<u>507,897</u>	<u>507,897</u>	<u>-</u>
Total Expenditures	<u>29,450,485</u>	<u>29,450,485</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(622,110)</u>	<u>(613,434)</u>	<u>8,676</u>
Other Financing Sources (Uses)			
Operating Transfers - In	517,604	517,604	-
Operating Transfers - Out	(471,896)	(471,896)	-
Advances - In	126,800	126,800	-
Advances - Out	(3,386)	(3,386)	-
Refund of Prior Years' Expenditures	1,409	1,409	-
Refund of Prior Years' Receipts	(12,892)	(12,892)	-
Sale of Assets	<u>1,100</u>	<u>1,100</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>158,739</u>	<u>158,739</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(463,371)</u>	<u>(454,695)</u>	<u>8,676</u>
Fund Balance at Beginning of Fiscal Year	<u>807,800</u>	<u>807,800</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 344,429</u>	<u>\$ 353,105</u>	<u>\$ 8,676</u>

Continued

The accompanying notes are an integral part of the general purpose financial statements.

**North Royalton City School District
Cuyahoga County**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Fund - continued

Special Revenue Funds

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Earnings on Investments	\$ 20,705	\$ 20,705	\$ -
Extracurricular Activities	168,438	172,601	4,163
Intergovernmental	899,074	899,074	-
Other	93,030	93,030	-
Total Revenues	1,181,247	1,185,410	4,163
Expenditures			
Current:			
Instruction:			
Regular Instruction	238,915	229,213	9,702
Special Instruction	24,037	24,037	-
Vocational, Adult and Other Instruction	13,420	10,127	3,293
Support Services:			
Pupil Services	23,641	23,641	-
Instructional Staff	223,088	211,525	11,563
Business and Fiscal Services	1,912	1,912	-
Community Services	467,533	467,306	227
Extracurricular	236,994	236,994	-
Total Expenditures	1,229,540	1,204,755	24,785
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,293)	(19,345)	28,948
Other Financing Sources (Uses)			
Operating Transfers-In	30,000	30,000	-
Advances-In	3,386	3,386	-
Refund of Prior Years' Expenditures	45	45	-
Total Other Financing Sources (Uses)	33,431	33,431	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(14,862)	14,086	28,948
Fund Balance at Beginning of Fiscal Year	278,940	278,940	-
Fund Balance at End of Fiscal Year	\$ 264,078	\$ 293,026	\$ 28,948

Continued

The accompanying notes are an integral part of the general purpose financial statements.

**North Royalton City School District
Cuyahoga County**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Fund - continued

Debt Service Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 2,490,514	\$ 2,490,514	\$ -
Intergovernmental	330,057	323,629	(6,428)
Total Revenues	<u>2,820,571</u>	<u>2,814,143</u>	<u>(6,428)</u>
Expenditures			
Debt Service:			
Principal	1,295,000	1,295,000	-
Interest and Fiscal Charges	1,332,570	1,332,570	-
Total Expenditures	<u>2,627,570</u>	<u>2,627,570</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	193,001	186,573	(6,428)
Fund Balance at Beginning of Fiscal Year	<u>1,760,637</u>	<u>1,760,637</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 1,953,638</u></u>	<u><u>\$ 1,947,210</u></u>	<u><u>\$ (6,428)</u></u>

Continued

The accompanying notes are an integral part of the general purpose financial statements.

**North Royalton City School District
Cuyahoga County**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budget Basis)

All Governmental Fund Types and Expendable Trust Fund - continued

Capital Projects Funds

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 642,518	\$ 642,518	\$ -
Earnings on Investments	9,170	9,711	541
Intergovernmental	312,071	310,285	(1,786)
Total Revenues	<u>963,759</u>	<u>962,514</u>	<u>(1,245)</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction	338,357	325,857	12,500
Special Instruction	3,359	3,359	-
Support Services:			
Administration	13,620	13,620	-
Plant Operation and Maintenance	248,708	248,708	-
Pupil Transportation	375,503	375,503	-
Capital Outlay	10,581	10,581	-
Total Expenditures	<u>990,128</u>	<u>977,628</u>	<u>12,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(26,369)</u>	<u>(15,114)</u>	<u>11,255</u>
Other Financing Sources (Uses)			
Advances - Out	(126,800)	(126,800)	-
Total Other Financing Sources (Uses)	<u>(126,800)</u>	<u>(126,800)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(153,169)</u>	<u>(141,914)</u>	<u>11,255</u>
Fund Balance at Beginning of Fiscal Year	<u>164,363</u>	<u>164,363</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 11,194</u></u>	<u><u>\$ 22,449</u></u>	<u><u>\$ 11,255</u></u>

Continued

The accompanying notes are an integral part of the general purpose financial statements.

**North Royalton City School District
Cuyahoga County**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Fund - continued
Expendable Trust Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Donations	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>-</u>
 Expenditures			
Current:			
Community Services:			
Purchased Services	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance at Beginning of Fiscal Year	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 1,500</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ -</u></u>

**North Royalton City School District
Cuyahoga County**

Combined Statement of Revenues, Expenses and Changes in Retained Earnings
All Proprietary Fund Types

For the Fiscal Year Ended June 30, 2001

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues			
Tuition	\$ 34,197	\$ -	\$ 34,197
Food Services	941,102	-	941,102
Classroom Materials and Fees	14,033	-	14,033
Self-Insurance Premiums	-	2,316,525	2,316,525
Other	9,223	-	9,223
Total Operating Revenues	<u>998,555</u>	<u>2,316,525</u>	<u>3,315,080</u>
Operating Expenses			
Salaries	410,866	150,042	560,908
Fringe Benefits and Insurance	115,925	2,439,144	2,555,069
Purchased Services	32,965	7,260	40,225
Supplies and Materials	584,644	-	584,644
Capital Outlay	2,740	-	2,740
Depreciation	22,509	-	22,509
Total Operating Expenses	<u>1,169,649</u>	<u>2,596,446</u>	<u>3,766,095</u>
Operating Income (Loss)	<u>(171,094)</u>	<u>(279,921)</u>	<u>(451,015)</u>
Non-Operating Revenues			
Intergovernmental	155,202	-	155,202
Donated Commodities	45,034	-	45,034
Earnings on Investments	11,082	-	11,082
Total Non-Operating Revenues	<u>211,318</u>	<u>-</u>	<u>211,318</u>
Net Income (Loss)	40,224	(279,921)	(239,697)
Add Depreciation on Fixed Assets Acquired by Contributed Capital	<u>7,504</u>	<u>-</u>	<u>7,504</u>
Net Increase (Decrease) in Retained Earnings	47,728	(279,921)	(232,193)
Retained Earnings at Beginning of Fiscal Year	278,276	102,899	381,175
Residual Transfer to General Fund	<u>(75,709)</u>	<u>-</u>	<u>(75,709)</u>
Retained Earnings (Deficit) at End of Fiscal Year	<u><u>\$ 250,295</u></u>	<u><u>\$ (177,022)</u></u>	<u><u>\$ 73,273</u></u>

The accompanying notes are an integral part of the general purpose financial statements.

North Royalton City School District
Cuyahoga County

Combined Statement of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis)

All Proprietary Fund Types
Enterprise Funds

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Tuition	\$ 34,197	\$ 34,197	\$ -
Food Services	986,136	986,136	-
Classroom Materials and Fees	14,033	14,033	-
Other	8,415	8,415	-
Total Operating Revenues	<u>1,042,781</u>	<u>1,042,781</u>	<u>-</u>
Operating Expenses			
Salaries	410,782	410,782	-
Fringe Benefits and Insurance	129,119	129,119	-
Purchased Services	48,280	48,280	-
Supplies and Materials	538,735	538,735	-
New Equipment	13,762	13,762	-
Replacement Equipment	3,917	3,917	-
Total Operating Expenses	<u>1,144,595</u>	<u>1,144,595</u>	<u>-</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	<u>(101,814)</u>	<u>(101,814)</u>	<u>-</u>
Non-Operating Revenues			
Intergovernmental	96,625	96,625	-
Earnings on Investments	11,082	11,082	-
Refund of Prior Years' Expenditures	1,440	1,440	-
Total Non-Operating Revenues	<u>109,147</u>	<u>109,147</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	7,333	7,333	-
Other Financing Sources (Uses)			
Operating Transfers - Out	(75,709)	(75,709)	-
Total Other Financing Sources (Uses)	<u>(75,709)</u>	<u>(75,709)</u>	<u>-</u>
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenses and Other Financing (Uses)	(68,376)	(68,376)	-
Fund Equity at Beginning of Fiscal Year	<u>237,990</u>	<u>237,990</u>	<u>-</u>
Fund Equity at End of Fiscal Year	<u>\$ 169,614</u>	<u>\$ 169,614</u>	<u>\$ -</u>

Continued

The accompanying notes are an integral part of the general purpose financial statements.

**North Royalton City School District
Cuyahoga County**

Combined Statement of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis)

All Proprietary Fund Types - continued
Internal Service Fund

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Self-Insurance Premiums	\$ 2,350,000	\$ 2,316,525	\$ (33,475)
Total Operating Revenues	2,350,000	2,316,525	(33,475)
Operating Expenses			
Salaries	103,774	103,774	-
Fringe Benefits and Insurance	2,435,975	2,435,975	-
Purchased Services	7,260	7,260	-
Total Operating Expenses	2,547,009	2,547,009	-
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	(197,009)	(230,484)	(33,475)
Fund Equity at Beginning of Fiscal Year	343,354	343,354	-
Fund Equity at End of Fiscal Year	\$ 146,345	\$ 112,870	\$ (33,475)

The accompanying notes are an integral part of the general purpose financial statements.

**North Royalton City School District
Cuyahoga County**

Combined Statement of Cash Flows

All Proprietary Fund Types

For the Fiscal Year Ended June 30, 2001

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ (171,094)	\$ (279,921)	\$ (451,015)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation	22,509	-	22,509
Donated Commodities Used	45,034	-	45,034
(Increase) Decrease in Operating Assets:			
Accounts Receivable	632	-	632
Intergovernmental Receivable	(13,540)	-	(13,540)
Inventory	3,095	-	3,095
Increase (Decrease) in Operating Liabilities:			
Accounts and Contracts Payable	(2,899)	8,717	5,818
Accrued Wages and Benefits Payable	(13,110)	-	(13,110)
Intergovernmental Payable	(13,698)	-	(13,698)
Insurance Benefits Payable	-	40,718	40,718
<i>Total Adjustments</i>	<u>28,023</u>	<u>49,435</u>	<u>77,458</u>
Net Cash Provided By (Used In) Operating Activities	<u>(143,071)</u>	<u>(230,486)</u>	<u>(373,557)</u>
Cash Flows from Non-Capital Financing Activities			
Intergovernmental Grants	<u>155,202</u>	<u>-</u>	<u>155,202</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Fixed Assets	<u>(14,939)</u>	<u>-</u>	<u>(14,939)</u>
Cash Flows from Investing Activities			
Earnings on Investments	11,082	-	11,082
Residual Transfer to General Fund	<u>(75,709)</u>	<u>-</u>	<u>(75,709)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(64,627)</u>	<u>-</u>	<u>(64,627)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(67,435)</u>	<u>(230,486)</u>	<u>(297,921)</u>
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>238,020</u>	<u>343,354</u>	<u>581,374</u>
Cash and Cash Equivalents, End of Fiscal Year	<u><u>\$ 170,585</u></u>	<u><u>\$ 112,868</u></u>	<u><u>\$ 283,453</u></u>

The accompanying notes are an integral part of the general purpose financial statements.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Royalton City School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards* (the "GASB Codification"). The District's significant accounting policies are described below.

1. *Description of the District*

North Royalton City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. North Royalton City School District is a city school district created under provisions of Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District.

The District operates three elementary schools, a middle school, and a high school. The average daily membership as of October 31, 2000 was 4,396. The District employed 276 certified and 223 non-certified employees.

2. *The Reporting Entity*

In evaluating how to define the governmental reporting entity, the District follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions, and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component will provide a financial benefit to or impose a financial burden on the District. On this basis, the District's financial reporting entity has no component units but includes all funds and account groups that are part of the District.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. The Reporting Entity (continued)

Non-public schools located within the boundaries of the District include: St. Albert the Great, Royal Redeemer, and Beginners World. These non-public schools are operated independently of the District. The District receives auxiliary services money from the State for the support of these non-public schools and serves as the primary recipient having administrative responsibilities with respect to these grants. The accounting for these receipts and disbursements is reflected in a special revenue fund in accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, but the non-public schools' operations are not reflected in the accompanying financial statements.

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

City of North Royalton – the city government of North Royalton is a separate body politic and corporate. A mayor and council are elected independent of any District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

Cuyahoga County Public Library – The Library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies.

Parent Teacher Association – The District is not involved in budgeting or managing the association, is not responsible for any debt of the association and has no influence over the association.

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. The Reporting Entity (continued)

The District is associated with three jointly governed organizations (see Note Q) and one public entity risk pool (see Note M). These organizations are:

Jointly Governed Organizations:

Ohio Schools Council
Lakeshore Northeast Ohio Computer Association
Cuyahoga Valley Career Center

Public Entity Risk Pool:

Ohio School Boards Association Workers'
Compensation Group Rating Program

3. Basis of Presentation – Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. The various funds and account groups are reported by type in the general purpose financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to District activities or functions.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories, governmental, proprietary and fiduciary.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. *Basis of Presentation – Fund Accounting (continued)*

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary or fiduciary funds) are accounted for through governmental funds. The following are the District's Governmental Fund Types:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the Debt Service Fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the Debt Service Fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. *Basis of Presentation – Fund Accounting (continued)*

Proprietary Fund Types

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types:

Enterprise Funds

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

Internal Service Fund

The Internal Service Fund is used to account for the financing of services provided by one department or fund to other departments or funds of the District on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the District's Fiduciary Fund Types:

Agency Funds

Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Expendable Trust Fund

The Expendable Trust Fund is used to account for trusts whose principal and income may be expended in the course of their designated operations.

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. *Basis of Presentation – Fund Accounting (continued)*

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used.

General Fixed Assets Account Group

This group of accounts is established to account for capital assets used in the general government operations with a useful life of greater than one year (other than those accounted for in proprietary funds).

General Long-Term Obligations Account Group

This group of accounts is established to account for all long-term obligations of the District, except those accounted for in proprietary funds. These obligations are secured by the credit of the District as a whole and are payable from general government resources or assessments against property owners.

4. *Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Fund Types and the Expendable Trust Fund are accounted for on a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. *Measurement Focus and Basis of Accounting (continued)*

The modified accrual basis of accounting is followed for Governmental, Expendable Trust and Agency Funds. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period. Revenues accrued at the end of the fiscal year primarily represent property taxes. Expenditures are recognized in the period in which the related fund liability is incurred with certain exceptions, including the portion of compensated absences which is not payable from current expendable financial resources and general long-term obligation interest which is reported when due. The available period for the District is 30 days after year end.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, which are intended to finance fiscal year 2002 operations, and delinquent property taxes, whose availability is indeterminable, have been recorded as deferred revenue.

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

Proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned, and expenses are recognized in the period incurred. Under the guidelines of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities.

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. *Budgetary Process*

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object code function level in the general fund and at the fund level for all other funds. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed tax budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are announced and conducted to obtain taxpayers' comments. The express purpose of this tax budget document is to reflect the need for existing (or increased) tax rates and to provide a basis for the development of the first permanent appropriations for the coming fiscal year.

By no later than January 20, the Board-adopted budget is filed with the Cuyahoga County Budget Commission (the "Budget Commission") for determination of tax rates. The Budget Commission will determine the appropriate tax rates and will prepare a certificate of estimated resources for the District. A hearing may be held by the Budget Commission where the Budget Commission members discuss the proposed budget with District officials.

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. *Budgetary Process (continued)*

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by April 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The budget figures which appear in the statement of budgetary comparison reflect the amounts in the final amended official certificate of estimated resources issued during the year.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about July 1 of each year for the period of July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the object code function level in the general fund and at the fund level for all other funds. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures which appear in the statements of budgetary comparison represent the final appropriation amounts including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. *Budgetary Process (continued)*

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Budgetary Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of GAAP, the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year-end encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental funds and as note disclosures for proprietary funds (GAAP basis).
- (d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. *Budgetary Process (continued)*

Budgetary Accounting (continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund**

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund
GAAP Basis	\$(908,776)	\$ 45,853	\$228,163	\$(36,386)	\$ -
Net adjustments for revenue accruals	(49,756)	(36,647)	(41,590)	(14,833)	-
Advances In	126,800	3,386	-	-	-
Net adjustments for expenditure accruals	578,295	251,491	-	100,563	-
Encumbrances	(197,872)	(249,997)	-	(64,458)	-
Advances Out	(3,386)	-	-	(126,800)	-
Budget Basis	\$(454,695)	\$ 14,086	\$186,573	\$(141,914)	\$ -

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. *Budgetary Process (continued)*

**Net Income (Loss)/Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenses and Other Financing Uses – Proprietary Fund Types**

	Enterprise Funds	Internal Service Fund
GAAP Basis	\$ 40,224	\$(279,921)
Net adjustment for revenue accruals	(57,945)	-
Net adjustment for expenditure accruals	(72,194)	49,437
Depreciation expense	22,509	-
Encumbrances	(970)	-
	<u>\$(68,376)</u>	<u>\$(230,484)</u>
Budget Basis		

6. *Cash and Cash Equivalents*

To improve cash management, all cash received by the District is pooled. Amounts for all funds, including proprietary funds, are maintained in a central bank account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pooled account is presented as "equity in pooled cash and cash equivalents" on the Combined Balance Sheet. During fiscal year 2001, investments were limited to nonnegotiable certificates of deposit, money market funds, U.S. Government and Federal Agency Securities, Commercial Paper, and STAROhio. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. *Cash and Cash Equivalents (continued)*

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a 7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Under existing Ohio statutes, the Board of Education may, by resolution, identify the funds to receive an allocation of interest earnings. During 2001, the District elected to distribute interest to the general fund, auxiliary services special revenue fund, building capital projects fund, and lunchroom/cafeeteria enterprise fund. Interest income earned for the year ended June 30, 2001 totaled \$355,726.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 District are considered to be cash equivalents.

Investments with an original maturity of more than three months are reported as investments.

7. *Materials and Supplies Inventory*

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. Inventories of proprietary funds primarily consist of purchased food, and school supplies held for resale. The cost of inventory items is recognized as an expenditure when used (consumption method). Reported material and supplies inventory in the general fund is equally offset by a fund balance reserve which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. *Fixed Assets and Depreciation*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where historical records are not available. Donated fixed assets are valued at their estimated fair market value on the date received. The District maintains a capitalization threshold of one thousand dollars. Interest incurred during construction is not capitalized on general fixed assets. The District does not possess any infrastructure.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of furniture and equipment in the Proprietary Fund Type is computed using the straight-line method over an estimated useful life of five to twenty years.

9. *Compensated Absences*

In conformity with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, the District accrues vacation and sick pay related severance benefits as earned by its employees. For Governmental Fund Types, the liability not currently due and payable at June 30, 2001 is recorded in the General Long-Term Obligations Account Group as part of accrued wages and benefits. For Proprietary Fund Types, the entire liability for compensated absences is reported as a fund liability. The District uses the termination payment method to calculate compensated absences.

Vacation Pay

Only administrative and school support personnel, as well as the Superintendent and the Treasurer, accumulate annual vacation leave. Administrative personnel, the Superintendent, and the Treasurer accumulate 25 days vacation leave. School support personnel accumulate annual vacation leave as follows:

<u>Completed Service</u>	<u>Vacation Leave</u>
After 1 year	10 days
5 or more years	15 days
10 or more years	20 days

Included in the accrual for wages and benefits at June 30, 2001 is a vacation leave liability of \$63,301 in the General Long-Term Obligations Account Group.

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. *Compensated Absences (continued)*

Sick Leave

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one-fourth (1-1/4) days for each calendar month under contract. Upon retirement, as described below, an employee is paid a severance benefit limited to 25% of the accumulated sick leave to a maximum pay out of fifty-five days for certified employees, 35% of accumulated sick leave to a maximum pay out of eighty days for classified employees and for certain administrators and certified employees, the maximum payout in days is determined by their individual contracts.

Employees meet the eligibility requirements for retirement with either (a) twenty-five years of service and age 55 or over, (b) five years of service and age 60 or over, or (c) any age with thirty years of service. Included in the accrual for wages and benefits at June 30, 2001 is a \$22,529 fund liability of the Enterprise Fund and a \$2,472,288 liability in the General Long-Term Obligations Account Group for sick pay-related severance benefits.

10. *Long-Term Obligations*

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

11. *Fund Balance Reserves*

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific future use. Fund equity reserves are established for encumbrances, inventory, and property tax advances. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

12. *Contributed Capital*

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and charged to contributed capital.

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS – CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. *Intergovernmental Revenues*

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B: Special Education:

Assistance to States for Education of Handicapped Children Fund

Eisenhower Grant

Drug-Free Schools

Educational Management Information Systems

Summer Intervention

Ohio School Net – Technology Training

Auxiliary Services (NPSS) Fund

Network Connectivity

Refugee Children School Impact

Innovative Education Program Strategies Title VI

Immigration Education Grant

Model Project for Gifted Education

Preschool Handicapped

Professional Development Grant

Peer Assistance Grant

Telecommunications Grant

Entry Year Program

Class Size Reduction Grant

Capital Projects Funds

Schoolnet Plus (N-S)

Reimbursable Funds

National School Lunch Program

Government Donated Commodities

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. *Intergovernmental Revenues (continued)*

Grants and entitlements received in governmental funds amounted to approximately 27% of governmental fund revenue during the 2001 fiscal year.

14. *Interfund Transactions*

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. Operating subsidies are recorded as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is based on the intent of the District at the time of the transaction.

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

15. *Estimates*

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

16. *Memorandum Only - Total Columns*

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year 2001, the District has implemented Governmental Accounting Standards Board Statement (GASB) No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE B - CHANGES IN ACCOUNTING PRINCIPLE - CONTINUED

GASB Statement Nos. 33 and 36 establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing of recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established in GASB Statement No. 33 for accrual-basis recognition will have been met and the revenues will be available.

Implementation of GASB Statement Nos. 33 and 36 had no material effect on the financial statements of the District.

NOTE C - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Individual fund integrity is maintained through the District's records. Each fund type's portion of this pool is displayed on the Combined Balance Sheet as "Equity in Pooled Cash and Cash Equivalents".

1. *Legal Requirements*

Statutes require the classification of monies held by the District into three categories.

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

Inactive deposits are public deposits the District has identified as not required for use within the current two 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 those deposits 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 accounts, including passbook accounts.

Interim monies may be invested in the following securities:

- United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE C - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - CONTINUED

1. *Legal Requirements (continued)*

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasurer's investment pool (STAROhio);
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

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

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE C - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - CONTINUED

1. *Legal Requirements (continued)*

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

2. *Deposits*

At June 30, 2001, the carrying amount of the District's deposits was \$153,874 and the bank balance was \$394,880. Of the total bank balance, \$160,792 was covered by Federal depository insurance and \$234,088 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

3. *Investments*

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

Investments at June 30, 2001 consisted of the following:

	Reported Amount	Fair Value
Investment in State Treasurer's Investment Pool	\$3,525,758	\$3,525,758

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE C - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - CONTINUED

3. *Investments (continued)*

At June 30, 2001, the carrying value of the District's deposits and investments, classified in accordance with GASB Statement No. 3, are as follows:

Deposits	\$ 153,874
Investments	<u>3,525,758</u>
	<u>\$3,679,632</u>

The classification of the above amounts on the combined financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*. Using that criteria, the above amounts are included on the Combined Balance Sheet under the following captions:

Equity in Pooled Cash and Cash Equivalents	\$3,636,303
Cash in Segregated Accounts	<u>43,329</u>
	<u>\$3,679,632</u>

NOTE D - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2000. Public utility property taxes are assessed on tangible personal property at 88% of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE D - PROPERTY TAXES - CONTINUED

Since property taxes are assessed and levied on a calendar year basis, the District receives property taxes from two taxing years during the District's fiscal year. The assessed values upon which the fiscal year 2001 taxes were collected are as follows:

	2001	2000
Real Property:		
Residential/Agricultural	\$605,963,050	\$531,317,510
Commercial/Industrial	118,372,750	97,965,850
Tangible Personal Property:		
General	26,445,510	24,721,996
Public Utilities	25,459,179	28,486,370
Total Valuation	\$776,240,489	\$682,491,726

The full tax rate applied to real property for the 2001 collection year was \$58.70 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$33.60 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$33.60 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE D - PROPERTY TAXES - CONTINUED

The Cuyahoga County Treasurer collects property tax on behalf of all taxing districts within the county. The Cuyahoga County Auditor periodically remits to the taxing districts their portions of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2001 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes, and real property, tangible personal property, and public utility tangible taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for the portion not intended to finance current year operations. The amount available as an advance at June 30, 2001 was \$1,571,131 for the General Fund, \$195,174 for the Debt Service Fund and \$54,464 for the Capital Projects Fund.

NOTE E - RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE F - FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year:

	Balance June 30, 2000	Additions	Reductions	Balance June 30, 2001
Land	\$ 478,111	\$ -	\$ -	\$ 478,111
Buildings and improvements	39,651,924	150,900	74,063	39,728,761
Furniture, fixtures and equipment, vehicles	5,412,986	895,699	62,799	6,245,886
Textbooks and library books	2,034,715	298,830	8,035	2,325,510
	<u>\$47,577,736</u>	<u>\$1,345,429</u>	<u>\$144,897</u>	<u>\$48,778,268</u>

The following is a summary of the Enterprise Funds' fixed assets at June 30, 2001:

Furniture and equipment	\$590,954
Less accumulated depreciation	<u>241,854</u>
Net fixed assets	<u>\$349,100</u>

NOTE G - CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 2001 are as follows:

	<u>Lunchroom/Cafeteria Fund</u>
Contributed capital on July 1, 2000	\$261,773
Less depreciation expense charge to contributed capital	<u>7,504</u>
Contributed capital on June 30, 2001	<u>\$254,269</u>

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE H - LONG-TERM OBLIGATIONS

The changes in the District's general long-term obligations during the year ended June 30, 2001 are as follows:

	<u>Balance at June 30, 2000</u>	<u>Additions</u>	<u>Accretion</u>	<u>Reductions</u>	<u>Balance at June 30, 2001</u>
General Obligation Bonds					
School Improvement Bonds Series					
1993 issued June 16, 1993,					
Current Interest Serial Bonds					
Interest rates from 2.5% to 4.55%					
maturing at various amounts from					
December 1993 through 2000	\$ 545,000	\$ -	\$ -	\$ 545,000	\$ -
Capital Appreciation Bonds					
Fully accreted interest rates from					
8.85% to 9.95%, \$575,000 maturing					
2001 and \$570,000 maturing					
each December from 2002					
through 2005	2,361,025	-	132,567	-	2,493,592
Current Interest Term Bonds					
5.65% interest rate maturing					
December 2008	2,040,000	-	-	-	2,040,000
<i>Subtotal Series 1993 School</i>					
<i>Improvement Bonds</i>	4,946,025	-	132,567	545,000	4,533,592
School Improvement Bonds Series					
1994 issued July 1, 1994,					
Current Interest Serial Bonds					
Interest rates from 3.85% to 5.5%					
maturing at various amounts from					
December 1995 through 2004	4,120,000	-	-	750,000	3,370,000
Capital Appreciation Bonds					
9.5% fully accreted interest rate,					
\$1,025,000 maturing 2007 and					
\$1,020,000 maturing each					
December from 2008 through 2009	1,841,005	-	113,925	-	1,954,930
Current Interest Term Bonds					
Interest rates from 6.0% to 6.625%					
Maturing at various dates from					
2006 through 2019	16,410,000	-	-	-	16,410,000
<i>Subtotal Series 1994 School</i>					
<i>Improvement Bonds</i>	22,371,005	-	113,925	750,000	21,734,930
Accrued Wages and Benefits	2,452,722	584,587	-	-	3,037,309
Grand Total	\$29,769,752	\$584,587	\$246,492	\$1,295,000	\$29,305,831

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE H - LONG-TERM OBLIGATIONS - CONTINUED

The District's voted legal debt margin for general obligation bonds was \$43,593,122 with an unvoted legal debt margin of \$776,240 at June 30, 2001.

General obligation bonds were issued to pay the costs of school improvements and are general obligations of the District for which its full faith, credit, and resources are pledged for repayment. Accordingly, obligations resulting from bond indebtedness are represented within the General Long-Term Obligations Account Group.

The District's future annual debt service requirements for bonded debt are as follows:

For the Years Ending June 30	Principal(1)	Interest	TOTAL
2002	\$ 1,350,000	\$ 1,280,896	\$ 2,630,896
2003	1,390,000	1,239,016	2,629,016
2004	1,435,000	1,193,931	2,628,931
2005	1,480,000	1,145,551	2,625,551
2006	1,530,000	1,088,727	2,618,727
2007	1,675,000	1,004,611	2,679,611
2008	1,710,000	932,944	2,642,944
2009	1,725,000	893,676	2,618,676
2010	1,020,000	873,760	1,893,760
2011	1,095,000	840,910	1,935,910
2012	1,160,000	773,260	1,933,260
2013	1,230,000	701,560	1,931,560
2014	1,300,000	625,660	1,925,660
2015	1,380,000	545,260	1,925,260
2016	1,465,000	459,178	1,924,178
2017	1,550,000	367,220	1,917,220
2018	1,645,000	269,773	1,914,773
2019	1,745,000	166,378	1,911,378
2020	1,855,000	56,578	1,911,578
Total	\$27,740,000	\$14,458,889	\$42,198,889

(1) Principal column represents fully accreted balances at time of payment. The remaining portion to be accreted on Capital Appreciation Bonds through maturity as of June 30, 2001 was \$1,471,478.

General obligation bonds will be paid by the debt service fund from property taxes. Accrued wages and benefits will be paid from the fund from which the employee is paid.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS – CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE H – LONG-TERM OBLIGATIONS - CONTINUED

In 1993, the District defeased a 1988 building improvement bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2001, \$3,149,994 of bonds outstanding were considered defeased.

NOTE I - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three enterprise funds which are intended to be self-supporting through user fees charged for services. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District:

	Lunchroom/ Cafeteria	Rotary/ Bookstore	After School Care Program	TOTAL
Operating revenues	\$ 942,542	\$55,990	\$ 23	\$ 998,555
Operating expenses				
before depreciation	1,077,990	51,387	17,763	1,147,140
Depreciation expense	22,509	-	-	22,509
Operating income (loss)	(157,957)	4,603	(17,740)	(171,094)
Intergovernmental	155,202	-	-	155,202
Donated commodities	45,034	-	-	45,034
Earnings on investments	11,082	-	-	11,082
Net income (loss)	53,361	4,603	(17,740)	40,224
Residual transfer	-	-	(75,709)	(75,709)
Fixed assets - net	349,100	-	-	349,100
Fixed asset additions	14,939	-	-	14,939
Fixed asset disposals	2,601	-	-	2,601
Total assets	500,126	49,855	-	549,981
Net working capital	105,745	49,719	-	155,464
Total equity	454,845	49,719	-	504,564
Encumbrances	970	-	-	970

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE J – ACCOUNTABILITY AND COMPLIANCE

1. *Deficit Fund Balances*

Fund balances at June 30, 2001 included the following individual fund deficits:

Special Revenue Peer Assistance Grant Fund	\$(114)
Special Revenue Drug-Free Schools Fund	\$(2,453)
Special Revenue Preschool Handicapped Fund	\$(71)
Special Revenue Class Size Reduction Grant Fund	\$(602)
Internal Service Self Insurance Fund	\$(177,022)

The Special Revenue Preschool Handicapped Fund, Special Revenue Drug-Free Schools Fund, Special Revenue Peer Assistance Grant Fund, and Special Revenue Class Size Reduction Grant Fund deficits primarily resulted from adjustments made for accrued wages and benefits, and accounts and contracts payable.

The Internal Service Self Insurance Fund deficit primarily resulted from adjustments made for insurance benefits payable.

NOTE K – PENSION AND RETIREMENT PLANS

The employees of the District are covered by either the School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System of Ohio (STRS). The State of Ohio accounts for the activities of these retirement systems and the amounts of the funds are not reflected in the accompanying financial statements. Under both SERS and STRS, a member is eligible for retirement when the member reaches age 60 and has five or more years of service credit; reaches age 55 and has 25 years or more of service credit; or has 30 or more years of service credit at any age.

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio, a cost-sharing multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. All employees of the District performing duties that do not require a certificate issued by the Ohio Department of Education are required to contribute to SERS. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. Information as of June 30, 2000 (the latest information available) may be obtained by writing to the School Employees Retirement Systems, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE K - PENSION AND RETIREMENT PLANS - CONTINUED

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. Of the 14 percent District portion, 5.55 percent was the portion used to fund pension obligations. For certain employees, the District pays the 9% member contribution as an employee benefit. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions to SERS for the years ended June 30, 2001, 2000 and 1999 were \$646,678, \$628,112 and \$584,336, respectively; 44.5% has been contributed for fiscal year 2001, 100% has been contributed for fiscal year 2000, and 100% has been contributed for fiscal year 1999. The amount representing the unpaid contribution for fiscal year 2001, \$351,756, is recorded as a liability within the respective funds and the general long-term debt account group.

State Teachers Retirement System

All full-time certified District employees participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. Information as of June 30, 2000 (the latest information available) may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%, an actuarially determined rate. Of the 14% District portion, 6 percent was the portion used to fund pension obligations. For certain employees, the District pays the 9.3% member contribution as an employee benefit. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions to STRS for the years ended June 30, 2001, 2000 and 1999 were \$2,152,189, \$2,036,974 and \$2,198,492, respectively; 83.4% has been contributed for fiscal year 2001, 100% has been contributed for fiscal year 2000, and 100% has been contributed for fiscal year 1999. The amount representing the unpaid contribution for fiscal year 2001, \$357,232, is recorded as a liability within the respective funds and the general long-term debt account group.

North Royalton City School District
Cuyahoga County

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE L - POSTEMPLOYMENT BENEFITS

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

School Employees Retirement System

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium. Employer contributions to fund health care benefits were 8.45 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for the partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the District, the amount to fund health care benefits, including the surcharge equaled approximately \$435,729 during the 2001 fiscal year.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available) were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 57,800 participants currently receiving health care benefits.

State Teachers Retirement System

The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the overall employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$1,229,822 for fiscal year 2001. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE M - RISK MANAGEMENT

1. *Insurance*

The District has a comprehensive property and casualty policy with Crum & Forster Insurance which includes boiler coverage. The deductible is \$1,000 per incident. All vehicles are insured with Nationwide Insurance Company and have a \$250 deductible. All Board members, administrators, and employees are covered under a District liability policy with Nationwide Insurance Company. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 aggregate. Also, the District has a commercial umbrella liability policy of \$1,000,000 with Nationwide Insurance Company and a commercial crime policy with Ohio Casualty. Settled claims have not exceeded this commercial coverage in any of the past four years. There has not been a significant reduction in coverage from the prior year.

2. *Bonding*

The Board President and the Superintendent are covered with surety bonds for \$25,000. The Treasurer also is covered by a surety bond in the amount of \$25,000. These bonds are with Nationwide Insurance Company.

3. *Workers' Compensation*

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

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

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE M - RISK MANAGEMENT - CONTINUED

4. *Employee Medical Benefits*

The District provides medical/surgical, vision, and dental benefits for its employees and their covered dependents and life insurance for full-time employees through its self-insurance fund. The life, dental and a portion of the health insurance coverage is provided through insurance contracts. The remaining coverage is self insured. For the self insured portion, third party administrators review and pay all claims on behalf of the District. Over 50% of covered employees are in a preferred provider medical plan with no annual deductible. The remaining covered employees are in a traditional medical plan with a \$100-per-year individual deductible and a \$200-per-year family deductible. The dental plan has a \$25-per-year individual deductible and a \$50-per-year family deductible. An excess coverage insurance (stop loss) policy covers claims in excess of \$50,000 per employee and an aggregate of \$1,900,000.

The claims liability of \$281,173 reported in the internal service fund at June 30, 2001 is based on the requirements of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, 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 claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in fiscal 2001 and 2000 were as follows:

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2001	\$240,455	\$2,587,727	\$2,547,009	\$281,173
2000	\$281,699	\$2,066,160	\$2,107,404	\$240,455

The balance available in the internal service fund to pay the cost of future claims was \$(177,022) and \$102,899 at June 30, 2001 and 2000, respectively.

NOTE N - INTERFUND RECEIVABLES/PAYABLES

Short-term interfund loans at June 30, 2001 are as follows:

Fund	Receivable	Payable
General	\$3,386	\$ -
Special Revenue		
Drug-Free School	-	3,000
Class Size Reduction Grant	-	386
	\$3,386	\$3,386

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE O - CONTINGENCIES

1. *Grants*

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

2. *Litigation*

As of June 30, 2001, the District was a party to various legal proceedings, seeking damages or injunctive relief arising in the ordinary course of business. The ultimate disposition of these proceedings is not presently determinable. The District carries adequate insurance coverage for most risks including property damage and personal liability and the District's management does not believe that any potential claims not covered by such insurance would have a material effect on the financial condition of the District.

NOTE P - SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

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

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS – CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE P - SCHOOL FUNDING DECISION - CONTINUED

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 20, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE Q - JOINTLY GOVERNED ORGANIZATIONS

1. *Ohio Schools Council*

The Ohio Schools Council (the "Council") is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2001, the District paid \$700 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at Rockside Square, Building Two, 6133 Rockside Road, Independence, Ohio 44143.

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

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE Q - JOINTLY GOVERNED ORGANIZATIONS - CONTINUED

1. *Ohio Schools Council (continued)*

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

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

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

2. *Lakeshore Northeast Ohio Computer Association*

The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau among 18 public school districts. The primary function of LNOCA is to provide data services to the 18 member districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the LNOCA Board of Directors by its superintendent or designated representative. 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 LNOCA. Each school district supports LNOCA based upon a per pupil charge dependent upon the software packages used. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 7800 Wall Street, Valley View, Ohio 44104.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE Q - JOINTLY GOVERNED ORGANIZATIONS - CONTINUED

3. *Cuyahoga Valley Career Center*

The Cuyahoga Valley Career Center (a joint vocational school district) is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of representatives from each participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Cuyahoga Valley Career Center is not part of the District and its operations are not included as part of the reporting entity. Financial information can be obtained by contacting the Treasurer at the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio, 44141.

NOTE R - STATUTORY RESERVES

Substitute House Bill 412, as amended, required the District to "set-aside" certain percentages of defined revenues for (1) textbooks and instructional material purchases, (2) capital and maintenance expenditures, and (3) to establish a budget reserve. It also required five-year budget projections, amended the Fiscal Watch and Fiscal Emergency Statutes, created a State School District Solvency Fund, and amended "spending reserve" provisions. During the fiscal year ended June 30, 2001, the reserve activity (cash basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-Aside Cash Balance				
July 1, 2000	\$ (12,071)	\$ (56,267)	\$423,601	\$ 355,263
Required Set-Aside	697,492	697,492	-	1,394,984
Termination of Budget Reserve	-	-	(423,601)	(423,601)
Offset Credits	-	(668,989)	-	(668,989)
Qualifying Disbursements	(718,478)	-	-	(718,478)
Set-Aside Balance				
Carried Forward to Future Fiscal Years	\$ (33,057)	\$ (27,764)	\$ -	\$ 60,821
Set-Aside Reserve				
Balance as of June 30, 2001	\$ -	\$ -	\$ -	\$ -

Effective April 10, 2001, Am. Sub. Senate Bill 345 Amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. During fiscal year 2001, the Board of Education passed a resolution to expend the budget reserve amount pursuant to this state statute and, as a result, no budget reserve exists at June 30, 2001.

**North Royalton City School District
Cuyahoga County**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2001

NOTE R – STATUTORY RESERVES - CONTINUED

Expenditures in excess of current year or accumulated set-aside requirements in the Textbooks or Capital Maintenance Reserves may be carried forward to offset future year's set aside requirements, with certain restrictions. Actual cash balances in excess of required set asides may also be carried forward to offset future year(s) set aside requirements.

NOTE S – ELECTRIC DEREGULATION

The State Legislature has also effected the deregulation of electric public utilities. Electric deregulation took place January 1, 2001. Under prior law, an electric company's taxable production equipment was assessed at 100% of true value, while all of its other taxable property was assessed at 88% of true value. This legislation provides for the assessment rate for the taxable transmission and distribution property of an electric company to remain at 88% of true value, while all other taxable property of the electric company is now assessed at 25% of true value.

To help offset loss of revenue, for the purpose of raising revenue for public education and state and local government operations, an excise tax was levied and imposed on electric distribution companies for all electricity distributed by such company beginning with the measurement period that includes May 1, 2001, at the following rates per kilowatt hour (kWh) of electricity distributed in a thirty-day period by the company through a "meter of an end user in this state". Thirty-seven percent of the kWh tax is to be collected at the state level for distribution to school districts and other local governments for property tax replacement funds. The Department of Education will pay to each school district their share of school district property tax replacement funds. The Department of Education will report to each school district the apportionment of the payments among the school district's funds based on the certifications from the tax commissioner.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision will have on its financial operations.

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**COMBINING, INDIVIDUAL FUND
AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES**

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General Fund

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

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
General Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 20,302,523	\$ 20,302,523	\$ -
Tuition	89,089	89,089	-
Earnings on Investments	325,267	325,267	-
Classroom Materials and Fees	100,881	100,881	-
Intergovernmental	7,803,136	7,803,136	-
Other	207,479	216,155	8,676
Total Revenues	<u>28,828,375</u>	<u>28,837,051</u>	<u>8,676</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction			
Salaries	10,744,750	10,744,750	-
Fringe Benefits	3,503,966	3,503,966	-
Purchased Services	8,160	8,160	-
Supplies and Materials	476,530	476,530	-
New Equipment	10,526	10,526	-
Total	<u>14,743,932</u>	<u>14,743,932</u>	<u>-</u>
Special Instruction			
Salaries	1,376,480	1,376,480	-
Fringe Benefits	350,901	350,901	-
Purchased Services	21,550	21,550	-
Supplies and Materials	24,712	24,712	-
New Equipment	-	-	-
Total	<u>1,773,643</u>	<u>1,773,643</u>	<u>-</u>
Vocational, Adult and Other Instruction			
Salaries	69,192	69,192	-
Fringe Benefits	40,590	40,590	-
Purchased Services	648,871	648,871	-
Supplies and Materials	1,376	1,376	-
New Equipment	9,560	9,560	-
Total	<u>769,589</u>	<u>769,589</u>	<u>-</u>
Total Instruction	<u>17,287,164</u>	<u>17,287,164</u>	<u>-</u>

Continued

North Royalton City School District
Cuyahoga County
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
General Fund - Continued

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Support Services:			
Pupil Services			
Salaries	\$ 1,049,337	\$ 1,049,337	\$ -
Fringe Benefits	317,247	317,247	-
Purchased Services	229,029	229,029	-
Supplies and Materials	61,569	61,569	-
Total	<u>1,657,182</u>	<u>1,657,182</u>	<u>-</u>
Instructional Staff			
Salaries	1,221,985	1,221,985	-
Fringe Benefits	331,303	331,303	-
Purchased Services	20,228	20,228	-
Supplies and Materials	44,991	44,991	-
New Equipment	426	426	-
Total	<u>1,618,933</u>	<u>1,618,933</u>	<u>-</u>
Board of Education			
Salaries	7,200	7,200	-
Fringe Benefits	194	194	-
Purchased Services	4,260	4,260	-
Supplies and Materials	123	123	-
Other	3,857	3,857	-
Total	<u>15,634</u>	<u>15,634</u>	<u>-</u>
Administration			
Salaries	1,484,348	1,484,348	-
Fringe Benefits	533,219	533,219	-
Purchased Services	421,320	421,320	-
Supplies and Materials	122,504	122,504	-
New Equipment	442	442	-
Other	750	750	-
Total	<u>2,562,583</u>	<u>2,562,583</u>	<u>-</u>
Business and Fiscal Services			
Salaries	416,915	416,915	-
Fringe Benefits	158,701	158,701	-
Purchased Services	16,764	16,764	-
Supplies and Materials	7,841	7,841	-
Other	330,391	330,391	-
Total	<u>930,612</u>	<u>930,612</u>	<u>-</u>

Continued

North Royalton City School District
Cuyahoga County
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
General Fund - Continued

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Plant Operation and Maintenance			
Salaries	\$ 1,297,069	\$ 1,297,069	\$ -
Fringe Benefits	370,832	370,832	-
Purchased Services	847,888	847,888	-
Supplies and Materials	240,435	240,435	-
Other	43	43	-
Total	<u>2,756,267</u>	<u>2,756,267</u>	<u>-</u>
Pupil Transportation			
Salaries	964,962	964,962	-
Fringe Benefits	283,413	283,413	-
Purchased Services	289,613	289,613	-
Supplies and Materials	454,226	454,226	-
New Equipment	(87,189)	(87,189)	-
Total	<u>1,905,025</u>	<u>1,905,025</u>	<u>-</u>
Central			
Purchased Services	114,888	114,888	-
Supplies and Materials	5,365	5,365	-
Total	<u>120,253</u>	<u>120,253</u>	<u>-</u>
Community Services			
Salaries	26,502	26,502	-
Fringe Benefits	8,955	8,955	-
Purchased Services	53,262	53,262	-
Supplies and Materials	216	216	-
Total	<u>88,935</u>	<u>88,935</u>	<u>-</u>
Extracurricular			
Salaries	491,114	491,114	-
Fringe Benefits	5,678	5,678	-
Purchased Services	11,105	11,105	-
Total	<u>507,897</u>	<u>507,897</u>	<u>-</u>
Total Expenditures	<u>29,450,485</u>	<u>29,450,485</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(622,110)</u>	<u>(613,434)</u>	<u>8,676</u>

Continued

North Royalton City School District
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Budget Basis)
General Fund - Continued

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other Financing Sources (Uses)			
Operating Transfers-In	\$ 517,604	\$ 517,604	\$ -
Operating Transfers-Out	(471,896)	(471,896)	-
Advances - In	126,800	126,800	-
Advances - Out	(3,386)	(3,386)	-
Refund of Prior Years' Expenditures	1,409	1,409	-
Refund of Prior Years' Receipts	(12,892)	(12,892)	-
Sale of Assets	1,100	1,100	-
Total Other Financing Sources (Uses)	<u>158,739</u>	<u>158,739</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(463,371)	(454,695)	8,676
Fund Balance at Beginning of Fiscal Year	<u>807,800</u>	<u>807,800</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 344,429</u>	<u>\$ 353,105</u>	<u>\$ 8,676</u>

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are legally restricted to expenditure for specified purposes. A description of the District's special revenue funds follows:

Local Grants Fund – This fund accounts for funds received to promote community involvement and volunteer activities between the school and community.

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

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

Professional Development Grant Fund – This fund accounts for State monies in support of locally developed professional development programs.

Peer Assistance Grant Fund – This fund accounts for State monies in support of new teacher mentoring programs.

Educational Management Information Systems (EMIS) Fund – This fund accounts for State monies which are used solely for costs associated with the requirements of the education management information system.

Network Connectivity Fund – This fund accounts for State monies which are used to establish and maintain network lines within the District's facilities.

Ohio School Net – Technology Training Fund – This fund accounts for State monies used to support technology training of teachers.

Instructional Material Subsidy Fund – This fund accounts for State monies which are used to purchase instructional materials.

Summer Intervention Fund – This fund accounts for State monies used for costs relating to summer school teachers.

Eisenhower Grant Fund – This fund accounts for Federal monies used for strengthening instruction in science, mathematics, modern foreign languages, English, the arts, and computer learning.

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

Special Revenue Funds – Continued

Refugee Children School Impact Grant Fund – This fund accounts for federal revenues relating to educational and social services for eligible immigrant students.

Innovative Education Program Strategies Title VI Fund – This fund accounts for Federal revenues which support the implementation of a variety of programs (drug/alcohol abuse, computer education) to benefit children attending public and provide non-profit schools within the community.

Immigration Education Grant Fund – This fund accounts for Federal revenues relating to educational services and costs for eligible immigrant children enrolled in elementary and secondary schools.

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

Preschool Handicapped Fund – This fund accounts for Federal monies which provide for the cost of developing a public school preschool for handicapped and non-handicapped children.

Entry Year Program Fund – This fund accounts for Federal monies used for teacher mentoring.

Class Size Reduction Grant Fund – This fund accounts for Federal monies used to support a teacher at Royalview.

**North Royalton City School District
Cuyahoga County**

**Combining Balance Sheet
*All Special Revenue Funds***

June 30, 2001

	Local Grants	Athletics	Auxiliary Services	Professional Development Grant	Peer Assistance Grant	EMIS
ASSETS						
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 141,946	\$ 53,480	\$ 276,218	\$ 3,585	\$ 2,201	\$ 13,505
Total Assets	\$ 141,946	\$ 53,480	\$ 276,218	\$ 3,585	\$ 2,201	\$ 13,505
 LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts and Contracts Payable	\$ 537	\$ 36,201	\$ 103,650	\$ 1,159	\$ 2,201	\$ 8,987
Accrued Wages and Benefits Payable	-	-	-	30	114	-
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	537	36,201	103,650	1,189	2,315	8,987
 Fund Equity:						
Fund Balances (Deficits):						
Reserved for Encumbrances	6,482	1,978	94,092	200	-	-
Unreserved, Undesignated	134,927	15,301	78,476	2,196	(114)	4,518
Total Fund Equity (Deficit)	141,409	17,279	172,568	2,396	(114)	4,518
Total Liabilities and Fund Equity	\$ 141,946	\$ 53,480	\$ 276,218	\$ 3,585	\$ 2,201	\$ 13,505

<u>Network Connectivity</u>	<u>Ohio School Net - Technology Training</u>	<u>Instructional Material Subsidy</u>	<u>Summer Intervention</u>	<u>Eisenhower Grant</u>	<u>Title VI-B Grant</u>	<u>Refugee Children School Impact Grant</u>	<u>Innovative Education Program Strategies Title VI</u>	<u>Immigration Education Grant</u>
\$ 13,186	\$ 3,428	\$ -	\$ 8,065	\$ 6,375	\$ 11,563	\$ 3,150	\$ 3,684	\$ -
<u>\$ 13,186</u>	<u>\$ 3,428</u>	<u>\$ -</u>	<u>\$ 8,065</u>	<u>\$ 6,375</u>	<u>\$ 11,563</u>	<u>\$ 3,150</u>	<u>\$ 3,684</u>	<u>\$ -</u>
\$ 12,000	\$ -	\$ -	\$ 4,772	\$ 2,594	\$ -	\$ -	\$ -	\$ -
-	8	-	30	-	1,191	-	-	-
-	-	-	-	-	-	-	-	-
<u>12,000</u>	<u>8</u>	<u>-</u>	<u>4,802</u>	<u>2,594</u>	<u>1,191</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,186	-	-	-	-	-	-	225	-
-	3,420	-	3,263	3,781	10,372	3,150	3,459	-
<u>1,186</u>	<u>3,420</u>	<u>-</u>	<u>3,263</u>	<u>3,781</u>	<u>10,372</u>	<u>3,150</u>	<u>3,684</u>	<u>-</u>
<u>\$ 13,186</u>	<u>\$ 3,428</u>	<u>\$ -</u>	<u>\$ 8,065</u>	<u>\$ 6,375</u>	<u>\$ 11,563</u>	<u>\$ 3,150</u>	<u>\$ 3,684</u>	<u>\$ -</u>

Continued

**North Royalton City School District
Cuyahoga County**

Combining Balance Sheet
All Special Revenue Funds (continued)

June 30, 2001

	Drug-Free School	Preschool Handicapped	Entry Year Program	Class Size Reduction Grant	Totals
ASSETS					
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 1,670	\$ -	\$ 969	\$ -	\$ 543,025
Total Assets	\$ 1,670	\$ -	\$ 969	\$ -	\$ 543,025
 LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts and Contracts Payable	\$ 1,071	\$ -	\$ -	\$ -	\$ 173,172
Accrued Wages and Benefits Payable	52	71	242	216	1,954
Due to Other Funds	3,000	-	-	386	3,386
Total Liabilities	4,123	71	242	602	178,512
 Fund Equity:					
Fund Balances (Deficits):					
Reserved for Encumbrances	593	-	-	-	104,756
Unreserved, Undesignated	(3,046)	(71)	727	(602)	259,757
Total Fund Equity (Deficit)	(2,453)	(71)	727	(602)	364,513
Total Liabilities and Fund Equity	\$ 1,670	\$ -	\$ 969	\$ -	\$ 543,025

**North Royalton City School District
Cuyahoga County**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Special Revenue Funds

For the Fiscal Year Ended June 30, 2001

	<u>Local Grants</u>	<u>Athletics</u>	<u>Auxiliary Services</u>	<u>Professional Development Grant</u>	<u>Peer Assistance Grant</u>	<u>EMIS</u>
Revenues						
Earnings on Investments	\$ -	\$ (531)	\$ 21,236	\$ -	\$ -	\$ -
Extracurricular Activities	-	172,601	-	-	-	-
Intergovernmental	-	-	403,621	18,316	30,607	17,328
Other	70,832	22,242	-	-	-	-
Total Revenues	<u>70,832</u>	<u>194,312</u>	<u>424,857</u>	<u>18,316</u>	<u>30,607</u>	<u>17,328</u>
Expenditures						
Current:						
Instruction:						
Regular and Special Instruction	3,603	-	-	-	61,193	-
Vocational, Adult and Other Instruction	-	-	-	-	-	-
Support Services:						
Pupil Services	-	-	-	-	-	10,899
Instructional Staff	5,791	-	-	15,920	664	-
Business and Fiscal Services	-	-	-	-	-	1,911
Community Services	-	-	387,415	-	-	-
Extracurricular	-	250,013	-	-	-	-
Total Expenditures	<u>9,394</u>	<u>250,013</u>	<u>387,415</u>	<u>15,920</u>	<u>61,857</u>	<u>12,810</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>61,438</u>	<u>(55,701)</u>	<u>37,442</u>	<u>2,396</u>	<u>(31,250)</u>	<u>4,518</u>
Other Financing Sources (Uses)						
Operating Transfers - In	-	30,000	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>61,438</u>	<u>(25,701)</u>	<u>37,442</u>	<u>2,396</u>	<u>(31,250)</u>	<u>4,518</u>
Fund Balances (Deficit) at Beginning of Fiscal Year	79,971	42,980	135,126	-	31,136	-
Fund Balances (Deficit) at End of Fiscal Year	<u>\$ 141,409</u>	<u>\$ 17,279</u>	<u>\$ 172,568</u>	<u>\$ 2,396</u>	<u>\$ (114)</u>	<u>\$ 4,518</u>

North Royalton City School District
Cuyahoga County

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

All Special Revenue Funds (continued)

For the Fiscal Year Ended June 30, 2001

	Network Connectivity	Ohio School Net- Technology Training	Instructional Material Subsidy	Summer Intervention	Eisenhower Grant	Title VI-B Grant
Revenues						
Earnings on Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Extracurricular Activities	-	-	-	-	-	-
Intergovernmental	15,000	4,000	-	8,065	11,137	223,600
Other	-	-	-	-	-	-
Total Revenues	<u>15,000</u>	<u>4,000</u>	<u>-</u>	<u>8,065</u>	<u>11,137</u>	<u>223,600</u>
Expenditures						
Current:						
Instruction:						
Regular and Special Instruction	13,814	1,580	-	4,772	-	23,448
Vocational, Adult and Other Instruction	-	-	-	10,157	-	-
Support Services:						
Pupil Services	-	-	-	-	-	5,064
Instructional Staff	-	-	-	-	8,210	188,925
Business and Fiscal Services	-	-	-	-	-	-
Community Services	-	-	62	-	-	-
Extracurricular	-	-	-	-	-	-
Total Expenditures	<u>13,814</u>	<u>1,580</u>	<u>62</u>	<u>14,929</u>	<u>8,210</u>	<u>217,437</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,186</u>	<u>2,420</u>	<u>(62)</u>	<u>(6,864)</u>	<u>2,927</u>	<u>6,163</u>
Other Financing Sources (Uses)						
Operating Transfers - In	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>1,186</u>	<u>2,420</u>	<u>(62)</u>	<u>(6,864)</u>	<u>2,927</u>	<u>6,163</u>
Fund Balances (Deficit) at Beginning of Fiscal Year	-	1,000	62	10,127	854	4,209
Fund Balances (Deficit) at End of Fiscal Year	<u>\$ 1,186</u>	<u>\$ 3,420</u>	<u>\$ -</u>	<u>\$ 3,263</u>	<u>\$ 3,781</u>	<u>\$ 10,372</u>

Refugee Children School Impact Grant	Innovative Education Program Strategies Title VI	Immigration Education Grant	Drug-Free School	Preschool Handicapped	Entry Year Program	Class Size Reduction Grant	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,705
-	-	-	-	-	-	-	172,601
3,150	28,334	-	12,433	16,550	34,000	36,288	862,429
-	-	-	-	-	-	-	93,074
<u>3,150</u>	<u>28,334</u>	<u>-</u>	<u>12,433</u>	<u>16,550</u>	<u>34,000</u>	<u>36,288</u>	<u>1,148,809</u>
-	22,029	1,858	16,106	-	33,698	40,879	222,980
-	-	-	-	-	-	-	10,157
-	-	-	-	4,037	-	-	20,000
-	1,925	-	216	12,576	-	-	234,227
-	-	-	-	-	-	-	1,911
-	6,191	-	-	-	-	-	393,668
-	-	-	-	-	-	-	250,013
-	<u>30,145</u>	<u>1,858</u>	<u>16,322</u>	<u>16,613</u>	<u>33,698</u>	<u>40,879</u>	<u>1,132,956</u>
<u>3,150</u>	<u>(1,811)</u>	<u>(1,858)</u>	<u>(3,889)</u>	<u>(63)</u>	<u>302</u>	<u>(4,591)</u>	<u>15,853</u>
-	-	-	-	-	-	-	30,000
-	-	-	-	-	-	-	30,000
<u>3,150</u>	<u>(1,811)</u>	<u>(1,858)</u>	<u>(3,889)</u>	<u>(63)</u>	<u>302</u>	<u>(4,591)</u>	<u>45,853</u>
-	5,495	1,858	1,436	(8)	425	3,989	318,660
<u>\$ 3,150</u>	<u>\$ 3,684</u>	<u>\$ -</u>	<u>\$ (2,453)</u>	<u>\$ (71)</u>	<u>\$ 727</u>	<u>\$ (602)</u>	<u>\$ 364,513</u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Local Grants Fund

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Other	\$ 70,832	\$ 70,832	\$ -
Total Revenues	70,832	70,832	-
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Purchased Services	7,090	7,090	-
Supplies and Materials	8,643	8,643	-
Total Expenditures	15,733	15,733	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	55,099	55,099	-
Fund Balance at Beginning of Fiscal Year	79,829	79,829	-
Fund Balance at End of Fiscal Year	\$ 134,928	\$ 134,928	\$ -

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)

Athletics Fund

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Earnings on Investments	\$ (531)	\$ (531)	\$ -
Extracurricular Activities	168,438	172,601	4,163
Other	22,198	22,198	-
Total Revenues	190,105	194,268	4,163
Expenditures			
Current:			
Extracurricular:			
Purchased Services	46,337	46,337	-
Supplies and Material	42,919	42,919	-
New Equipment	37,280	37,280	-
Other	110,458	110,458	-
Total Expenditures	236,994	236,994	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,889)	(42,726)	4,163
Other Financing Sources (Uses)			
Operating Transfers-In	30,000	30,000	-
Refund of Prior Years' Expenditures	45	45	-
Total Other Financing Sources (Uses)	30,045	30,045	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(16,844)	(12,681)	4,163
Fund Balance at Beginning of Fiscal Year	53,557	53,557	-
Fund Balance at End of Fiscal Year	\$ 36,713	\$ 40,876	\$ 4,163

North Royalton City School District
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Auxiliary Services Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Earnings on Investments	\$ 21,236	\$ 21,236	\$ -
Intergovernmental	438,067	438,067	-
Total Revenues	<u>459,303</u>	<u>459,303</u>	<u>-</u>
Expenditures			
Current:			
Community Services:			
Purchased Services	207,289	207,289	-
Supplies and Material	253,676	253,676	-
New Equipment	2,540	2,540	-
Total Expenditures	<u>463,505</u>	<u>463,505</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,202)	(4,202)	-
Fund Balance at Beginning of Fiscal Year	<u>82,677</u>	<u>82,677</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 78,475</u></u>	<u><u>\$ 78,475</u></u>	<u><u>\$ -</u></u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Professional Development Grant Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 18,316	\$ 18,316	\$ -
Total Revenues	<u>18,316</u>	<u>18,316</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Salaries	6,620	6,627	(7)
Purchased Services	9,269	7,111	2,158
Supplies and Materials	2,200	2,193	7
Community Services:			
Supplies and Materials	<u>227</u>	<u>-</u>	<u>227</u>
Total Expenditures	<u>18,316</u>	<u>15,931</u>	<u>2,385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,385	2,385
Fund Balance at Beginning of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ -</u>	<u>\$ 2,385</u>	<u>\$ 2,385</u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Peer Assistance Grant Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 32,807	\$ 32,807	\$ -
Total Revenues	<u>32,807</u>	<u>32,807</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Salaries	28,960	28,960	-
Purchased Services	28,346	28,346	-
Supplies and Materials	5,184	5,184	-
Support Services:			
Instructional Staff:			
Salaries	660	660	-
Total Expenditures	<u>63,150</u>	<u>63,150</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,343)	(30,343)	-
Fund Balance at Beginning of Fiscal Year	<u>32,544</u>	<u>32,544</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 2,201</u></u>	<u><u>\$ 2,201</u></u>	<u><u>\$ -</u></u>

North Royalton City School District
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Budget Basis)
Educational Management Information Systems (EMIS) Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 17,328	\$ 17,328	\$ -
Total Revenues	<u>17,328</u>	<u>17,328</u>	<u>-</u>
Expenditures			
Current:			
Support Services:			
Pupil Services:			
Purchased Services	5,046	5,046	-
Equipment	8,987	8,987	-
Business and Fiscal Services:			
Purchased Services	<u>1,912</u>	<u>1,912</u>	<u>-</u>
Total Expenditures	<u>15,945</u>	<u>15,945</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,383	1,383	-
Fund Balance at Beginning of Fiscal Year	<u>3,135</u>	<u>3,135</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 4,518</u></u>	<u><u>\$ 4,518</u></u>	<u><u>\$ -</u></u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Network Connectivity

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 15,000	\$ 15,000	\$ -
Total Revenues	15,000	15,000	-
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Purchased Services	15,000	15,000	-
Total Expenditures	15,000	15,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance at Beginning of Fiscal Year	-	-	-
Fund Balance at End of Fiscal Year	\$ -	\$ -	\$ -

North Royalton City School District
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Budget Basis)

Ohio School Net - Technology Training Fund

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 4,000	\$ 4,000	\$ -
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Salaries	<u>5,000</u>	<u>1,572</u>	<u>3,428</u>
Total Expenditures	<u>5,000</u>	<u>1,572</u>	<u>3,428</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	2,428	3,428
Fund Balance at Beginning of Fiscal Year	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ -</u></u>	<u><u>\$ 3,428</u></u>	<u><u>\$ 3,428</u></u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Summer Intervention Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 8,065	\$ 8,065	\$ -
Total Revenues	<u>8,065</u>	<u>8,065</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Supplies and Materials	4,772	4,772	-
Vocational, Adult and Other Instruction:			
Salaries	<u>13,420</u>	<u>10,127</u>	<u>3,293</u>
Total Expenditures	<u>18,192</u>	<u>14,899</u>	<u>3,293</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,127)</u>	<u>(6,834)</u>	<u>3,293</u>
Fund Balance at Beginning of Fiscal Year	<u>10,127</u>	<u>10,127</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ -</u></u>	<u><u>\$ 3,293</u></u>	<u><u>\$ 3,293</u></u>

North Royalton City School District
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Budget Basis)
Eisenhower Grant Fund

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 11,137	\$ 11,137	\$ -
Total Revenues	11,137	11,137	-
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Salaries	597	597	-
Purchased Services	5,004	5,004	-
Supplies and Materials	2,610	2,610	-
Total Expenditures	8,211	8,211	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,926	2,926	-
Fund Balance at Beginning of Fiscal Year	855	855	-
Fund Balance at End of Fiscal Year	\$ 3,781	\$ 3,781	\$ -

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)

Title VI-B Grant Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 223,600	\$ 223,600	\$ -
Total Revenues	<u>223,600</u>	<u>223,600</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Special Instruction:			
Salaries	24,037	24,037	-
Support Services:			
Pupil Services:			
Supplies and Materials	5,064	5,064	-
Instructional Staff:			
Salaries	<u>199,563</u>	<u>188,000</u>	<u>11,563</u>
Total Expenditures	<u>228,664</u>	<u>217,101</u>	<u>11,563</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,064)	6,499	11,563
Fund Balance at Beginning of Fiscal Year	<u>5,064</u>	<u>5,064</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ -</u></u>	<u><u>\$ 11,563</u></u>	<u><u>\$ 11,563</u></u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Refugee Children School Impact Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 3,150	\$ 3,150	\$ -
Total Revenues	<u>3,150</u>	<u>3,150</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Supplies and Materials	3,150	-	3,150
Total Expenditures	<u>3,150</u>	<u>-</u>	<u>3,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,150	3,150
Fund Balance at Beginning of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ -</u>	<u>\$ 3,150</u>	<u>\$ 3,150</u>

North Royalton City School District
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)

Innovative Education Program Strategies Title VI Fund

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 28,334	\$ 28,334	\$ -
Total Revenues	<u>28,334</u>	<u>28,334</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Purchased Services	8,946	8,946	-
Supplies and Materials	12,880	12,880	-
New Equipment	178	178	-
Support Services:			
Instructional Staff:			
Supplies and Materials	466	466	-
New Equipment	1,460	1,460	-
Community Services:			
Supplies and Materials	6	6	-
New Equipment	3,795	3,795	-
Total Expenditures	<u>27,731</u>	<u>27,731</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	603	603	-
Fund Balance at Beginning of Fiscal Year	<u>2,856</u>	<u>2,856</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 3,459</u></u>	<u><u>\$ 3,459</u></u>	<u><u>\$ -</u></u>

North Royalton City School District
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Budget Basis)
Immigration Education Grant Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Supplies and Materials	<u>\$ 2,233</u>	<u>\$ 2,233</u>	<u>\$ -</u>
Total Expenditures	<u>2,233</u>	<u>2,233</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,233)	(2,233)	-
Fund Balance at Beginning of Fiscal Year	<u>2,233</u>	<u>2,233</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Drug-Free School Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 12,432	\$ 12,432	\$ -
Total Revenues	<u>12,432</u>	<u>12,432</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Salaries	5,765	5,765	-
Purchased Services	5,892	5,892	-
Supplies and Materials	3,629	3,629	-
Support Services:			
Pupil Services:			
Salaries	189	189	-
Supplies and Materials	318	318	-
Instructional Staff:			
Salaries	215	215	-
Total Expenditures	<u>16,008</u>	<u>16,008</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,576)</u>	<u>(3,576)</u>	<u>-</u>
Other Financing Sources (Uses)			
Advances-In	3,000	3,000	-
Total Other Financing Sources (Uses)	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(576)	(576)	-
Fund Balance at Beginning of Fiscal Year	<u>579</u>	<u>579</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 3</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ -</u></u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Preschool Handicapped Fund

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 16,550	\$ 16,550	\$ -
Total Revenues	16,550	16,550	-
Expenditures			
Current:			
Support Services:			
Pupil Services:			
Purchased Services	4,037	4,037	-
Instructional Staff:			
Salaries	12,513	12,513	-
Total Expenditures	16,550	16,550	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance at Beginning of Fiscal Year	-	-	-
Fund Balance at End of Fiscal Year	\$ -	\$ -	\$ -

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Entry Year Program Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 34,000	\$ 34,000	\$ -
Total Revenues	<u>34,000</u>	<u>34,000</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Salaries	<u>34,464</u>	<u>33,495</u>	<u>969</u>
Total Expenditures	<u>34,464</u>	<u>33,495</u>	<u>969</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(464)	505	969
Fund Balance at Beginning of Fiscal Year	<u>464</u>	<u>464</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ -</u></u>	<u><u>\$ 969</u></u>	<u><u>\$ 969</u></u>

North Royalton City School District
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Class Size Reduction Grant Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 36,288	\$ 36,288	\$ -
Total Revenues	<u>36,288</u>	<u>36,288</u>	<u>-</u>
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Salaries	35,513	35,513	-
Fringe Benefits	3,595	3,595	-
Supplies and Materials	1,586	1,586	-
Total Expenditures	<u>40,694</u>	<u>40,694</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,406)</u>	<u>(4,406)</u>	<u>-</u>
Other Financing Sources (Uses)			
Advances-In	386	386	-
Total Other Financing Sources (Uses)	<u>386</u>	<u>386</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(4,020)</u>	<u>(4,020)</u>	<u>-</u>
Fund Balance at Beginning of Fiscal Year	<u>4,020</u>	<u>4,020</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and fiscal charges.

Since there is only one debt service fund and the level of budgetary control is not greater than that presented in the Combined Financial Statements, no additional financial statements have been presented here.

Capital Projects Funds

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

Permanent Improvement Fund – This fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Building Fund – This fund is used to account for the receipts and expenditures related to all special construction bond funds in the District. Expenditures recorded here represent the costs for constructing, enlarging, extending, rehabilitating, renovating, remodeling and improving District buildings and sites, and equipping and furnishing same.

Classroom Facilities Fund – This fund accounts for state monies providing for a mobile unit classroom for St. Albert the Great Non-Public School.

School Net Plus Fund – This fund accounts for state monies providing for computer hardware and wiring for buildings for kindergarten through fourth grade.

**North Royalton City School District
Cuyahoga County**

Combining Balance Sheet
All Capital Projects Funds

June 30, 2001

	Permanent Improvement	Building
ASSETS		
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 30,609	\$ 22,830
Cash in Segregated Accounts	-	43,329
Receivables:		
Taxes	713,898	-
Total Assets	\$ 744,507	\$ 66,159
 LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts and Contracts Payable	\$ 1,225	\$ -
Retainage Payable	-	43,329
Deferred Revenue	659,434	-
Total Liabilities	660,659	43,329
 Fund Equity:		
Fund Balances:		
Reserved for Encumbrances	23,318	18,946
Reserved for Property Tax Advance	54,464	-
Unreserved, Undesignated	6,066	3,884
Total Fund Equity	83,848	22,830
Total Liabilities and Fund Equity	\$ 744,507	\$ 66,159

<u>Classroom Facilities</u>	<u>School Net Plus</u>	<u>Totals</u>
\$ -	\$ 33,469	\$ 86,908
-	-	43,329
-	-	713,898
<u>\$ -</u>	<u>\$ 33,469</u>	<u>\$ 844,135</u>
\$ -	\$ 14,419	\$ 15,644
-	-	43,329
-	-	659,434
-	14,419	718,407
-	6,550	48,814
-	-	54,464
-	12,500	22,450
-	19,050	125,728
<u>\$ -</u>	<u>\$ 33,469</u>	<u>\$ 844,135</u>

**North Royalton City School District
Cuyahoga County**

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
All Capital Projects Funds

For the Fiscal Year Ended June 30, 2001

	<u>Permanent Improvement</u>	<u>Building</u>
Revenues		
Taxes	\$ 657,351	\$ -
Earnings on Investments	-	9,711
Intergovernmental	83,390	-
Total Revenues	<u>740,741</u>	<u>9,711</u>
Expenditures		
Current:		
Instruction:		
Regular and Special Instruction	258,643	-
Support Services:		
Administration	13,427	-
Plant Operation and Maintenance	247,944	-
Pupil Transportation	379,083	-
Capital Outlay	-	10,581
Total Expenditures	<u>899,097</u>	<u>10,581</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(158,356)	(870)
Fund Balances (Deficit) at Beginning of Fiscal Year	<u>242,204</u>	<u>23,700</u>
Fund Balances at End of Fiscal Year	<u><u>\$ 83,848</u></u>	<u><u>\$ 22,830</u></u>

<u>Classroom Facilities</u>	<u>School Net Plus</u>	<u>Totals</u>
\$ -	\$ -	\$ 657,351
-	-	9,711
126,800	100,095	310,285
<u>126,800</u>	<u>100,095</u>	<u>977,347</u>
-	104,055	362,698
-	-	13,427
-	-	247,944
-	-	379,083
-	-	10,581
<u>-</u>	<u>104,055</u>	<u>1,013,733</u>
126,800	(3,960)	(36,386)
(126,800)	23,010	162,114
<u>\$ -</u>	<u>\$ 19,050</u>	<u>\$ 125,728</u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Permanent Improvement Fund

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 642,518	\$ 642,518	\$ -
Intergovernmental	85,176	83,390	(1,786)
Total Revenues	727,694	725,908	(1,786)
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
Purchased Services	1,641	1,641	-
Supplies and Materials	5,874	5,874	-
New Equipment	224,413	224,413	-
Special Instruction:			
New Equipment	3,359	3,359	-
Support Services:			
Administration:			
Supplies and Materials	1,836	1,836	-
New Equipment	11,784	11,784	-
Plant Operation and Maintenance:			
Purchased Services	120,214	120,214	-
Supplies and Materials	72,157	72,157	-
New Equipment	56,337	56,337	-
Pupil Transportation:			
New Equipment	375,503	375,503	-
Total Expenditures	873,118	873,118	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(145,424)	(147,210)	(1,786)
Fund Balance at Beginning of Fiscal Year	153,275	153,275	-
Fund Balance at End of Fiscal Year	\$ 7,851	\$ 6,065	\$ (1,786)

North Royalton City School District
Cuyahoga County
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Building Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Earnings on Investments	\$ 9,170	\$ 9,711	\$ 541
Total Revenues	<u>9,170</u>	<u>9,711</u>	<u>541</u>
Expenditures			
Capital Outlay:			
Purchased Services	9,889	9,889	-
New Equipment	692	692	-
Total Expenditures	<u>10,581</u>	<u>10,581</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,411)	(870)	541
Fund Balance at Beginning of Fiscal Year	<u>4,754</u>	<u>4,754</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 3,343</u></u>	<u><u>\$ 3,884</u></u>	<u><u>\$ 541</u></u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Classroom Facilities Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	<u>\$ 126,800</u>	<u>\$ 126,800</u>	<u>\$ -</u>
Total Revenues	<u>126,800</u>	<u>126,800</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>126,800</u>	<u>126,800</u>	<u>-</u>
Other Financing Sources (Uses)			
Advances - Out	<u>(126,800)</u>	<u>126,800</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(126,800)</u>	<u>126,800</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at Beginning of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

North Royalton City School District
Cuyahoga County
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
School Net Plus Fund

For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 100,095	\$ 100,095	\$ -
Total Revenues	100,095	100,095	-
Expenditures			
Current:			
Instruction:			
Regular Instruction:			
New Equipment	106,429	93,929	12,500
Total Expenditures	106,429	93,929	12,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,334)	6,166	12,500
Fund Balance at Beginning of Fiscal Year	6,334	6,334	-
Fund Balance at End of Fiscal Year	\$ -	\$ 12,500	\$ 12,500

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The measurement focus is upon determination of net income, financial position, and changes in financial position. A description of the District's enterprise funds follows:

Lunchroom/Cafeteria Fund – This fund accounts for financial activity related to the food service operations of the District.

Rotary/Bookstore Fund – This fund accounts for all revenues and expenses related to the following activities: high school bookstore, evening school, Saturday enrichment, summer school, and Safety Town.

After School Care Program Fund – This fund is a “Latch Key” children’s fund designed for activities and supervision of “Latch Key” children.

**North Royalton City School District
Cuyahoga County**

Combining Balance Sheet
All Enterprise Funds

June 30, 2001

	<u>Lunchroom/ Cafeteria</u>	<u>Rotary/ Bookstore</u>	<u>After School Care Program</u>	<u>Totals</u>
ASSETS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 120,730	\$ 49,855	\$ -	\$ 170,585
Intergovernmental receivables	13,540	-	-	13,540
Inventory	16,756	-	-	16,756
Fixed Assets (Net of Accumulated Depreciation)	349,100	-	-	349,100
Total Assets	\$ 500,126	\$ 49,855	\$ -	\$ 549,981
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts and Contracts Payable	\$ 1,782	\$ -	\$ -	\$ 1,782
Accrued Wages and Benefits Payable	43,499	136	-	43,635
Total Liabilities	45,281	136	-	45,417
Fund Equity:				
Contributed Capital	254,269	-	-	254,269
Unreserved Retained Earnings	200,576	49,719	-	250,295
Total Fund Equity	454,845	49,719	-	504,564
Total Liabilities and Fund Equity	\$ 500,126	\$ 49,855	\$ -	\$ 549,981

North Royalton City School District
Cuyahoga County

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
All Enterprise Funds

For the Fiscal Year Ended June 30, 2001

	<u>Lunchroom/ Cafeteria</u>	<u>Rotary/ Bookstore</u>	<u>After School Care Program</u>	<u>Totals</u>
Operating Revenues				
Tuition	\$ -	\$ 34,197	\$ -	\$ 34,197
Food Services	941,102	-	-	941,102
Classroom Materials and Fees	-	14,033	-	14,033
Other	1,440	7,760	23	9,223
Total Operating Revenues	<u>942,542</u>	<u>55,990</u>	<u>23</u>	<u>998,555</u>
Operating Expenses				
Salaries	376,643	34,223	-	410,866
Fringe Benefits and Insurance	115,310	615	-	115,925
Purchased Services	15,409	575	16,981	32,965
Supplies and Materials	567,888	15,974	782	584,644
Capital Outlay	2,740	-	-	2,740
Depreciation	22,509	-	-	22,509
Total Operating Expenses	<u>1,100,499</u>	<u>51,387</u>	<u>17,763</u>	<u>1,169,649</u>
Operating Income (Loss)	<u>(157,957)</u>	<u>4,603</u>	<u>(17,740)</u>	<u>(171,094)</u>
Non-Operating Revenues				
Intergovernmental	155,202	-	-	155,202
Donated Commodities	45,034	-	-	45,034
Earnings on Investments	11,082	-	-	11,082
Total Non-Operating Revenues	<u>211,318</u>	<u>-</u>	<u>-</u>	<u>211,318</u>
Net Income (Loss)	53,361	4,603	(17,740)	40,224
Add Depreciation on Fixed Assets Acquired by Contributed Capital	<u>7,504</u>	<u>-</u>	<u>-</u>	<u>7,504</u>
Net Increase (Decrease) In Retained Earnings	60,865	4,603	(17,740)	47,728
Retained Earnings at Beginning of Fiscal Year	139,711	45,116	93,449	278,276
Residual Transfer to General Fund	<u>-</u>	<u>-</u>	<u>(75,709)</u>	<u>(75,709)</u>
Retained Earnings at End of Fiscal Year	<u><u>\$ 200,576</u></u>	<u><u>\$ 49,719</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 250,295</u></u>

North Royalton City School District
Cuyahoga County
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual (Budget Basis)
Lunchroom/Cafeteria Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Food Services	\$ 986,136	\$ 986,136	\$ -
Total Operating Revenues	<u>986,136</u>	<u>986,136</u>	<u>-</u>
Operating Expenses			
Salaries	376,559	376,559	-
Fringe Benefits and Insurance	128,629	128,629	-
Purchased Services	17,026	17,026	-
Supplies and Materials	521,692	521,692	-
New Equipment	13,762	13,762	-
Replacement Equipment	3,917	3,917	-
Total Operating Expenses	<u>1,061,585</u>	<u>1,061,585</u>	<u>-</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	<u>(75,449)</u>	<u>(75,449)</u>	<u>-</u>
Non-Operating Revenues			
Intergovernmental	96,625	96,625	-
Earnings on Investments	11,082	11,082	-
Refund of Prior Years' Expenditures	1,440	1,440	-
Total Non-Operating Revenues	<u>109,147</u>	<u>109,147</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>33,698</u>	<u>33,698</u>	<u>-</u>
Fund Equity at Beginning of Fiscal Year	<u>86,062</u>	<u>86,062</u>	<u>-</u>
Fund Equity at End of Fiscal Year	<u>\$ 119,760</u>	<u>\$ 119,760</u>	<u>\$ -</u>

North Royalton City School District
Cuyahoga County
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual (Budget Basis)
Rotary/Bookstore Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Tuition	\$ 34,197	\$ 34,197	\$ -
Classroom Materials and Fees	14,033	14,033	-
Other	8,392	8,392	-
Total Operating Revenues	<u>56,622</u>	<u>56,622</u>	<u>-</u>
Operating Expenses			
Salaries	34,222	34,222	-
Fringe Benefits and Insurance	490	490	-
Purchased Services	575	575	-
Supplies and Materials	16,261	16,261	-
Total Operating Expenses	<u>51,548</u>	<u>51,548</u>	<u>-</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	5,074	5,074	-
Fund Equity at Beginning of Fiscal Year	44,781	44,781	-
Fund Equity at End of Fiscal Year	<u><u>\$ 49,855</u></u>	<u><u>\$ 49,855</u></u>	<u><u>\$ -</u></u>

North Royalton City School District
Cuyahoga County
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual (Budget Basis)
After School Care Program Fund

For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Other	\$ 23	\$ 23	\$ -
Total Operating Revenues	<u>23</u>	<u>23</u>	<u>-</u>
Operating Expenses			
Purchased Services	30,679	30,679	-
Supplies and Materials	782	782	-
Total Operating Expenses	<u>31,461</u>	<u>31,461</u>	<u>-</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	(31,438)	(31,438)	-
Other Financing Sources (Uses)			
Operating Transfers-Out	<u>(75,709)</u>	<u>(75,709)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(75,709)</u>	<u>(75,709)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(107,147)	(107,147)	-
Fund Equity at Beginning of Fiscal Year	<u>107,147</u>	<u>107,147</u>	<u>-</u>
Fund Equity at End of Fiscal Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

North Royalton City School District
Cuyahoga County

Combining Statement of Cash Flows
All Enterprise Funds

For the Fiscal Year Ended June 30, 2001

	Lunchroom/ Cafeteria	Rotary/ Bookstore	After School Care Program	Totals
Cash Flows from Operating Activities				
Operating Income (Loss)	\$ (157,957)	\$ 4,603	\$ (17,740)	\$ (171,094)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:				
Depreciation	22,509	-	-	22,509
Donated Commodities Used	45,034	-	-	45,034
(Increase) Decrease in Operating Assets:				
Accounts Receivable	-	632	-	632
Intergovernmental Receivables	(13,540)	-	-	(13,540)
Inventory	3,095	-	-	3,095
Increase (Decrease) in Operating Liabilities:				
Accounts and Contracts Payable	(2,613)	(286)	-	(2,899)
Intergovernmental Payable	-	-	(13,698)	(13,698)
Accrued Wages and Benefits Payable	(13,235)	125	-	(13,110)
<i>Total Adjustments</i>	41,250	471	(13,698)	28,023
Net Cash Provided by (Used in) Operating Activities	(116,707)	5,074	(31,438)	(143,071)
Cash Flows from Non-Capital Financing Activities				
Intergovernmental Grants	155,202	-	-	155,202
Cash Flows from Capital and Related Financing Activities				
Purchase of Fixed Assets	(14,939)	-	-	(14,939)
Cash Flows from Investing Activities				
Earnings on Investments	11,082	-	-	11,082
Residual Transfer to General Fund	-	-	(75,709)	(75,709)
Net Cash Provided by (Used in) Investing Activities	11,082	-	(75,709)	(64,627)
Net Increase (Decrease) in Cash and Cash Equivalents	34,638	5,074	(107,147)	(67,435)
Cash and Cash Equivalents - Beginning of Fiscal Year	86,092	44,781	107,147	238,020
Cash and Cash Equivalents - End of Fiscal Year	\$ 120,730	\$ 49,855	\$ -	\$ 170,585

Internal Service Fund

The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency of the District to the other departments or agencies of the District on a cost reimbursement basis. Charges are intended to recoup the total costs of such services. A description of the District's Internal Service Funds follows:

Employee Benefits Self-Insurance Fund – A fund provided to account for monies received from other funds as payment for providing medical, hospitalization, dental, vision, life, or other similar employee health benefits. The self-insurance fund may make payments for services provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claim payments or administration, for stop-loss coverage, or any other reinsurance or other similar purpose.

Since there is only one internal service fund and the level of budgetary control is not greater than that presented in the Combined Financial Statements, no additional financial statements have been presented here.

Fiduciary Funds

The Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and other governments and/or other funds. The following is the District's fiduciary funds types:

Agency Fund

Student Activities Fund – This Fund accounts for resources that belong to the student bodies of the various schools; accounting for sales and other revenue generating activities.

Expendable Trust Fund

Donated Scholarship Fund (an expendable trust fund) – This Fund accounts for minor amounts of monies as donated to the Board of Education to be used for specific purposes as stipulated by the donor.

**North Royalton City School District
Cuyahoga County**

Combining Balance Sheet
All Fiduciary Funds

June 30, 2001

	<u>Donated Scholarships</u>	<u>Student Activities</u>	<u>Totals</u>
ASSETS			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 1,500	\$ 223,231	\$ 224,731
Inventory	<u>-</u>	<u>3,362</u>	<u>3,362</u>
Total Assets	<u>\$ 1,500</u>	<u>\$ 226,593</u>	<u>\$ 228,093</u>
 LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts and Contracts Payable	\$ -	\$ 21,827	\$ 21,827
Intergovernmental Payable	-	286	286
Due to Students	<u>-</u>	<u>204,480</u>	<u>204,480</u>
Total Liabilities	<u>-</u>	<u>226,593</u>	<u>226,593</u>
 Fund Equity:			
Unreserved, Undesignated	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Fund Equity	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Liabilities and Fund Equity	<u>\$ 1,500</u>	<u>\$ 226,593</u>	<u>\$ 228,093</u>

North Royalton City School District
Cuyahoga County

Statement of Changes in Assets and Liabilities
Agency Fund

For the Fiscal Year Ended June 30, 2001

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2001</u>
Student Activities Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 259,703	\$ 753,103	\$ 789,575	\$ 223,231
Inventory	4,995	3,362	4,995	3,362
Total Assets	<u>\$ 264,698</u>	<u>\$ 756,465</u>	<u>\$ 794,570</u>	<u>\$ 226,593</u>
Liabilities				
Accounts and Contracts Payable	\$ 30,455	\$ 21,827	\$ 30,455	\$ 21,827
Intergovernmental Payable	-	286	-	286
Due to Students	234,243	734,352	764,115	204,480
Total Liabilities	<u>\$ 264,698</u>	<u>\$ 756,465</u>	<u>\$ 794,570</u>	<u>\$ 226,593</u>

General Fixed Assets Account Group

General Fixed Assets is a balanced account group used to establish control and accountability for the costs of all fixed assets other than those accounted for in proprietary funds. The investment in fixed assets is carried until the disposition of the property and ownership is relinquished. Depreciation on fixed assets is not recorded.

**North Royalton City School District
Cuyahoga County**

Schedule of General Fixed Assets by Source

As of June 30, 2001

General Fixed Assets

Land	\$ 478,111
Buildings and Improvements	39,728,761
Furniture, Fixtures and Equipment, Vehicles	6,245,886
Textbooks and Library Books	<u>2,325,510</u>
Total General Fixed Assets	<u><u>\$ 48,778,268</u></u>

Investment in General Fixed Assets by Source

General Fund	\$ 7,328,254
Special Revenue Funds	300,063
Capital Projects funds	20,194,935
Fiduciary Funds	<u>581,016</u>
	28,404,268
Acquisitions Prior to 1997, Sources of Funding Not Available	<u>20,374,000</u>
Total Investment in General Fixed Assets	<u><u>\$ 48,778,268</u></u>

**North Royalton City School District
Cuyahoga County**

Schedule of General Fixed Assets by Function and Type

June 30, 2001

<u>Function</u>	<u>Total</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Textbooks and Library Books</u>
Instruction	\$ 44,297,224	\$ 352,443	\$ 39,052,320	\$ 2,566,951	\$ 2,325,510
Support Services Administration	1,072,154	125,668	474,496	471,990	-
Operation and Maintenance of Plant Services	381,448	-	104,609	276,839	-
Pupil Transportation Services	2,531,047	-	-	2,531,047	-
Extracurricular Activities	496,395	-	97,336	399,059	-
Total	<u>\$48,778,268</u>	<u>\$ 478,111</u>	<u>\$ 39,728,761</u>	<u>\$ 6,245,886</u>	<u>\$ 2,325,510</u>

**North Royalton City School District
Cuyahoga County**

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 2001

<u>Function</u>	<u>General Fixed Assets 7/1/2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets 6/30/2001</u>
Instruction	\$ 43,764,453	\$ 621,778	\$ 89,007	\$ 44,297,224
Support Services Administration	1,047,649	28,219	3,714	1,072,154
Operation and Maintenance of Plant Services	350,314	46,590	15,456	381,448
Pupil Transportation Services	2,012,412	555,355	36,720	2,531,047
Extracurricular Activities	402,908	93,487	-	496,395
Total	\$ 47,577,736	\$ 1,345,429	\$ 144,897	\$ 48,778,268

**STATISTICAL
SECTION**



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North Royalton City School District

Cuyahoga County

**Governmental Funds
Revenues by Source and Expenditures by Function
Last Ten Fiscal Years (1)**

Revenues

	2001	2000	1999	1998
Local Sources				
Taxes	\$23,556,926	\$21,489,911	\$23,299,237	\$21,232,486
Earnings on Investments	344,644	362,541	326,446	54,144
Extracurricular Activities	172,601	154,521	150,352	330,427
Classroom Mat'ls and Fees	100,881	111,257	110,366	109,568
Other	409,164	231,266	331,467	306,244
Intergovernmental	9,294,779	8,427,372	7,875,351	7,430,767
Total Revenues	\$33,878,995	\$30,776,868	\$32,093,219	\$29,463,636

Expenditures

Instruction	\$18,014,094	\$16,878,389	\$15,007,639	\$14,752,943
Support Services				
Pupil	1,678,325	1,532,063	1,444,322	1,369,624
Instructional	1,860,622	1,743,107	1,501,589	1,389,717
Administration	2,672,500	2,355,345	2,256,472	2,167,487
Business & Fiscal	943,231	963,201	853,059	874,363
Plant Operations & Maint.	2,985,176	2,734,729	2,626,710	2,420,020
Pupil Transportation	2,418,968	2,129,235	1,960,510	2,027,482
Central Services	95,031	120,075	93,740	75,275
Community Service	395,668	397,691	439,865	333,380
Extracurricular Activities	760,587	667,421	432,962	524,180
Debt Service (2)	2,627,570	2,628,381	2,764,050	2,778,644
Capital Outlay	10,581	357,399	693,582	1,278,864
Other	88,888	71,086	62,905	61,162
Total Expenditures	\$34,551,241	\$32,578,122	\$30,137,405	\$30,053,141

Note: Governmental Funds include General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds for 1997 and before. For 1998, and thereafter, Governmental Funds include General, Special Revenue, Debt Service and Capital Projects. During 1998, the Expendable Trust Fund was reclassified to the Enterprise Fund Type and during 2000, a new Expendable Trust Fund was established.

(1) Fiscal years end on June 30th

(2) 1995 includes repayment of bond anticipation notes

Source: School District financial records

1997	1996	1995 (2)	1994	1993	1992
\$18,086,766	\$17,794,411	\$16,187,081	\$15,291,045	\$14,631,552	\$13,827,336
387,296	874,204	1,652,905	228,820	148,436	180,250
397,376	335,161	305,424	91,986	92,338	361,634
11,768	15,502	12,578	17,606	16,760	26,620
131,154	179,683	184,087	208,131	200,050	223,419
5,935,362	5,814,801	4,693,127	4,267,899	4,242,096	4,044,118
\$24,949,722	\$25,013,762	\$23,035,202	\$20,105,487	\$19,331,232	\$18,663,377

\$12,073,811	\$12,463,984	\$11,800,964	\$11,068,297	\$10,053,453	\$9,304,493
1,169,234	1,136,284	1,059,150	1,138,704	858,684	880,248
1,292,299	1,196,853	1,094,519	1,003,525	1,186,815	988,236
1,677,414	1,674,024	1,703,433	1,546,096	1,491,610	1,379,827
790,110	685,421	667,945	709,357	736,637	640,644
2,206,240	1,756,238	1,708,288	1,792,481	1,809,652	1,868,367
1,851,817	1,446,606	1,231,741	1,307,305	1,211,691	1,008,495
94,981	73,996	64,655	57,280	77,050	47,870
559,018	544,903	165,003	140,268	131,905	312,474
485,803	470,596	447,098	359,552	435,269	714,234
2,789,099	2,100,635	26,266,636	949,816	1,020,733	970,728
4,375,662	14,032,945	5,945,814	393,190	37,705	155,666
56,070	61,962	48,871	36,731	49,992	83,843
\$29,421,558	\$37,644,447	\$52,204,117	\$20,502,602	\$19,101,196	\$18,355,125

**North Royalton City School District
Cuyahoga County**

**Property Tax Levies and Collections
Real and Personal Property Taxes (1)
Last Ten Calendar Years**

Collection Year	Current Levy	Delinquent	Total	Current Collection	Percent Current Levy Collected	Delinquent Collections	Total Collections	Total Collected Percent of Current Levy
2000	\$27,405,644	\$878,765	\$28,284,409	\$25,952,237	94.70%	\$485,133	\$26,437,370	96.47%
1999	25,670,639	694,072	26,364,711	24,888,533	96.95%	515,750	25,404,283	98.96%
1998	24,343,994	839,932	25,183,926	23,872,162	98.06%	383,286	24,255,448	99.64%
1997	22,649,597	672,884	23,322,481	22,236,039	98.17%	396,780	22,632,819	99.93%
1996	18,940,161	705,356	19,645,517	18,688,226	98.67%	259,353	18,947,579	100.04%
1995	18,514,116	657,288	19,171,404	18,313,119	98.91%	166,674	18,479,793	99.81%
1994	17,029,159	580,786	17,609,945	16,862,090	99.02%	310,214	17,172,304	100.84%
1993	16,134,365	770,145	16,904,510	15,922,382	98.69%	230,934	16,153,316	100.12%
1992	15,636,021	675,904	16,311,925	15,335,885	98.08%	434,339	15,770,224	100.86%
1991	15,131,336	742,914	15,874,250	14,956,668	98.85%	153,180	15,109,848	99.86%

(1) Includes Homestead/Rollback on real property and reimbursement on personal property taxes assessed locally but distributed through the State and reported as Intergovernmental Revenues.

Source: Cuyahoga County Auditor. Data are presented on a calendar year basis, consistent with the Auditor's method of maintaining the information.

**North Royalton City School District
Cuyahoga County**

Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years
(in \$000,000)

Tax Year	Real Property		Public Utility Tangible Property		General Tangible Personal Property		Total Valuation		Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2000	\$724.3	\$2,069.5	\$25.5	\$30.1	\$26.4	\$101.8	\$776.2	\$2,201.4	35%
1999	629.3	1,798.0	28.5	32.4	24.7	98.8	682.5	1,929.2	35%
1998	605.3	1,729.3	31.8	36.2	21.2	84.9	658.3	1,850.4	36%
1997	569.9	1,628.3	31.3	35.5	21.4	85.8	622.6	1,749.6	36%
1996	517.3	1,478.0	31.4	44.5	19.9	79.5	568.5	1,602.0	35%
1995	497.4	1,421.3	31.0	41.9	18.7	74.7	547.2	1,537.9	36%
1994	476.9	1,362.7	34.9	39.7	17.1	68.3	528.9	1,470.6	36%
1993	415.6	1,187.3	66.1	75.2	17.1	68.5	498.8	1,331.0	37%
1992	398.0	1,137.1	57.3	65.2	17.0	68.1	472.4	1,270.4	37%
1991	376.0	1,074.2	51.8	58.9	15.9	61.3	443.7	1,194.4	37%

Note: Estimated actual values are calculated by dividing the assessed value by the assessment percentage.

Current Assesment Percentages are:	
Real Property	35%
Public Utility Tangible Property	
- telecommunications companies	25%
- all others	88%
Tangible Personal Property	25%

Source: Cuyahoga County Auditor. Data are presented on a calendar year basis, consistent with the Auditor's method of maintaining the information.

**North Royalton City School District
Cuyahoga County**

Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 Assessed Valuation)
Last Ten Calendar Years

Collection Year	North Royalton City School District			Cuyahoga Valley Career Center	County Levy	Residents of North Royalton		Residents of Broadview Heights	
	General Fund	Bond Retirement	Total			City Levy	Total Levy	City Levy	Total Levy
2001	55.10	3.60	58.70	2.00	17.60	8.20	86.50	9.40	87.70
2000	56.50	4.20	60.70	2.00	16.70	8.30	87.70	9.40	88.80
1999	57.00	4.40	61.40	2.00	18.00	8.30	89.70	9.40	90.80
1998	57.40	4.70	62.10	2.00	18.00	8.30	90.40	9.40	91.50
1997	58.20	5.10	63.30	2.00	18.00	8.30	91.60	9.40	92.70
1996	52.80	5.30	58.10	2.00	18.00	8.30	86.40	9.40	87.50
1995	53.00	5.20	58.20	2.00	18.20	8.40	86.80	8.40	86.80
1994	53.44	2.16	55.60	2.00	17.80	7.90	83.30	6.30	81.70
1993	53.64	2.16	55.80	2.00	17.80	7.90	83.50	6.30	81.90
1992	54.15	2.75	56.90	2.00	17.80	9.80	86.50	6.20	82.90

Source: Cuyahoga County Auditor. Data are presented on a calendar year basis, consistent with the Auditor's method of maintaining the information.

**North Royalton City School District
Cuyahoga County**

Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Gross General Bonded Debt	Less: Debt Service Fund	Net General Bonded Debt	Assessed Value (1)	Population (2)	Ratio of Net Debt to Assessed Value	Net Debt per Capita
2001	\$26,268,522	\$2,142,384	\$24,126,138	\$776,240,489	30,559	3.11%	\$789
2000	25,035,709	1,760,637	23,275,072	682,490,736	29,006	3.41%	802
1999	26,270,709	1,514,584	24,756,125	658,303,103	29,006	3.76%	853
1998	27,580,709	1,579,994	26,000,715	622,595,544	29,006	4.18%	896
1997	28,845,709	1,483,155	27,362,554	568,546,334	28,680	4.81%	954
1996	30,065,709	1,444,772	28,620,937	547,164,042	27,050	5.23%	1,058
1995	30,520,709	397,780	30,122,929	528,908,611	27,050	5.70%	1,114
1994	6,944,994	655,165	6,289,829	498,834,548	24,830	1.26%	253
1993	7,560,000	560,602	6,999,398	472,350,812	24,830	1.48%	282
1992	7,970,000	635,637	7,334,363	443,728,246	24,830	1.65%	295

(1) Source: Cuyahoga County Auditor

(2) Source: Ohio Municipal Advisory Council. Estimates of the population for the portions of the cities of North Royalton and Broadview Heights that are in the North Royalton City School District.

**North Royalton City School District
Cuyahoga County**

**Computation of Legal Debt Margin
June 30, 2001**

Assessed Valuation Tax Year 2000 **\$ 776,240,489**

Voted Debt

Bonded Debt Limit - 9% of Assessed Value (1)	\$69,861,644
Amount of Debt Applicable to Debt Limit: Bonded Debt	26,268,522
Voted Debt Margin	\$43,593,122

Unvoted Debt

Bonded Debt Limit - 0.1% of Assessed Value (1)	\$ 776,240
Amount of Debt Applicable	-
Unvoted Debt Margin	\$ 776,240

(1) Bond Law by Ohio Revised Code sets a limit of 9% for voted debt margin and 0.1% for unvoted debt. All District debt subject to the allowable margins is voted.

Source: School District Records

**North Royalton City School District
Cuyahoga County**

Computation of Direct and Overlapping Debt - General Obligation
June 30, 2001

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to School District	Amount Applicable to School District
North Royalton City School District	\$26,268,522	100.00%	\$26,268,522
City of North Royalton	5,077,000	85.65%	4,348,451
City of Broadview Heights	7,734,000	14.35%	1,109,829
Cuyahoga County	231,044,636	2.71%	6,261,310
Regional Transit Authority	98,030,000	2.71%	2,656,613
Total	\$ 368,154,158		\$40,644,725

Notes:

1. Percent applicable to the school district calculated using the assessed valuation of the School District area contained within the noted governmental unit divided by the assessed valuation of the governmental unit.
2. Data for entities other than the School District are as of December 31st, consistent with their fiscal year reporting and County Auditor's calendar year basis of reporting.
3. Overlapping governments with no outstanding debt are not reflected.

Source: Cuyahoga County Auditor

North Royalton City School District
Cuyahoga County

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
To
Total Governmental Funds Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total Expenditures(1)	Ratio of Debt Service to Governmental Fund Expenditures
2001	\$1,295,000	\$1,332,570	\$2,627,570	\$34,551,241	7.60%
2000	1,235,000	1,393,131	2,628,131	32,578,122	8.07%
1999	1,310,000	1,453,300	2,763,300	30,137,405	9.17%
1998	1,265,000	1,513,394	2,778,394	30,053,141	9.24%
1997	1,220,000	1,568,599	2,788,599	29,421,558	9.48%
1996	455,000	1,605,885	2,060,885	37,644,447	5.47%
1995	420,000	1,510,414	1,930,414	52,204,117	3.70%
1994	615,000	292,488	907,488	20,502,602	4.43%
1993	410,000	560,209	970,209	26,588,277	3.65%
1992	385,000	585,728	970,728	18,355,125	5.29%

Source: School District Records

(1) Includes Expendable Trust Fund

**North Royalton City School District
Cuyahoga County**

Property Values, Construction and Bank Deposits
Last Ten Years

Collection Year	No. of Building Permits (1)	Value of Building Permits Issued (1)	Cuyahoga County Bank Deposits (in 000's) (2)	Residential And Other Real Estate (3)	Public Utility Tangible (3)	Personal Tangible (3)	Total Assessed Valuation
2001	2,710	\$49,508,030	\$61,942,764	\$724,335,800	\$25,459,179	\$26,445,510	\$776,240,489
2000	5,642	71,770,790	59,933,852	629,283,360	28,486,370	24,721,006	682,490,736
1999	4,602	48,478,648	60,846,022	605,258,530	31,814,060	21,230,513	658,303,103
1998	3,991	43,087,840	53,941,971	569,889,100	31,264,190	21,442,254	622,595,544
1997	3,799	33,058,230	27,068,211	517,284,940	31,381,960	19,879,434	568,546,334
1996	3,669	42,020,000	22,458,573	497,448,980	31,032,130	18,682,932	547,164,042
1995	4,270	35,205,713	20,885,453	476,949,520	34,894,100	17,064,991	528,908,611
1994	4,323	42,823,974	21,009,421	415,559,800	66,138,150	17,136,598	498,834,548
1993	4,395	48,216,990	19,379,280	397,990,860	57,333,390	17,026,562	472,350,812
1992	4,131	35,969,363	18,392,243	375,968,850	51,829,790	15,929,606	443,728,246

Sources:

- (1) Building Department, City of North Royalton. Beginning with "Collection Year 2001," the number of building permits is for newly constructed facilities only.
Building permit data for the portion of Broadview Heights in the North Royalton City School District is not available.
- (2) Federal Reserve Bank of Cleveland (total demand, time and savings deposits for Cuyahoga County, Ohio Banks).
The large increase in 1998 was due to Key Bank becoming a single-charter bank.
- (3) Cuyahoga County Auditor

**North Royalton City School District
Cuyahaoga County**

**Principal Real Estate Taxpayers
December 31, 2000**

Name of Taxpayer	Assessed Valuation (1)	Percent of Total Assessed Value
Royal Oaks LTD	\$ 6,392,720	0.88%
M & J - Dover Farms Apts.	5,201,390	0.72%
Walnut Hills Apts.	3,689,910	0.51%
Deer Creek Apts.	3,656,350	0.50%
Oak Brook Garden Apts.	3,482,610	0.48%
Pine Forest Apartments	3,402,460	0.47%
Somerset West Development Co.	2,844,310	0.39%
Spartan House, Ltd.	2,818,100	0.39%
Spruce Lake, Ltd.	2,802,070	0.39%
Timber Ridge Investments	2,316,860	0.32%
Mount Royal Villa Care Center	2,227,540	0.31%
Royalton Plaza	2,136,330	0.29%
Zane R. Tollis	1,420,020	0.20%
Deaconess Homes for Independent Living	1,299,130	0.18%
Somia Abookire	1,288,110	0.18%
Deaconess Senior Housing, Inc.	1,012,410	0.14%
Total of Above	\$ 45,990,320	6.35%

(1) Assessed values are for the 2000 tax year.

Source: Cuyahoga County Auditor

**North Royalton City School District
Cuyahoga County**

**Principal Personal Tangible Taxpayers
December 31, 2000**

Name of Taxpayer	Assessed Valuation (1)	Percent of Total Assessed Value
Ameritech New Media, Inc	\$1,580,770	6.21%
H & D Steel Service, Inc.	943,820	3.71%
Stevens Painton Corp.	722,110	2.83%
Riser Foods Co.	668,580	2.62%
Krenz Krist Machine, Inc.	663,960	2.61%
ICG Equipment, Inc.	659,250	2.59%
Valley Tool & Die, Inc.	574,900	2.26%
Transport Services, Inc.	537,720	2.11%
Galley Printing Co.	376,220	1.48%
Royal Wire Products, Inc	371,570	1.46%
Discount Drug Mart	329,040	1.29%
Midwest Precision Products	289,830	1.14%
Neighborcare Pharmacy	284,050	1.12%
MDF Tool Corp.	270,670	1.06%
Cleveland Hobby Supply Co.	258,250	1.01%
Praxair Distribution	249,040	0.98%
Revco Discount Drug	241,510	0.95%
Total of Above	\$9,021,290	35.43%

(1) Assessed values are for the 2000 tax year.

Source: Cuyahoga County Auditor

**North Royalton City School District
Cuyahoga County**

**Principal Public Utility Tangible Taxpayers
December 31, 2000**

Name of Taxpayer	Assessed Valuation (1)	Percent of Total Assessed Value
Cleveland Electric Illuminating	\$13,568,760	51.3%
Ameritech	3,839,640	14.5%
Columbia Gas of Ohio, Inc.	4,761,030	18.0%
MCI Telecommunications	1,618,920	6.1%
East Ohio Gas Co.	1,111,250	4.2%
Ohio Edison Co.	740,210	2.8%
LCI International Telecom.	715,780	2.7%
Total of Above	\$26,355,590	99.66%

(1) Assessed values are for the 2000 tax year.

Source: Cuyahoga County Auditor

**North Royalton City School District
Cuyahoga County**

Enrollment Statistics - Last Ten Fiscal Years

Fiscal Year	Total Governmental Funds Expenditures (1)	Average Daily Membership (2)	Expenditures Per Pupil
2001	\$34,551,241	4,396	\$7,860
2000	32,578,122	4,331	7,522
1999	30,137,405	4,246	7,098
1998	30,053,141	4,242	7,085
1997	29,421,558	4,192	7,019
1996	37,644,447	4,075	9,238
1995	52,204,117	3,899	13,389
1994	20,502,602	3,749	5,469
1993	26,588,277	3,648	7,288
1992	18,355,125	3,422	5,364

(1) Includes Expendable Trust Fund.

1995 includes repayment of bond anticipation notes.

(2) Official student enrollment for the fiscal year, as of the first week in October.

Source: School District Records

**North Royalton City School District
Cuyahoga County**

Teaching Staff by Education
As of June 30, 2001

Degree	Number	Percent of Total
Bachelor's	31	12.2%
Bachelor's + 6 hours	9	3.5%
Bachelor's +12 hours	7	2.8%
Bachelor's +18 hours	11	4.3%
Bachelor's +24 hours	4	1.6%
Bachelor's +30 hours	32	12.6%
Master's	55	21.6%
Master's + 6 hours	27	10.6%
Master's +12 hours	43	16.9%
Master's +18 hours	12	4.7%
Master's +24 hours	6	2.4%
Master's +30 hours	7	2.8%
Master's +36 hours	3	1.2%
Master's +42 hours	-	0.0%
Master's +48 hours	7	2.8%
PhD	0	0.0%
Total	254	100.0%

Teaching Staff by Experience
As of June 30, 2001

Years of Experience	Number	Percent of Total
0 - 5	60	23.6%
6 - 10	61	24.0%
11 - 15	48	18.9%
16 - 20	22	8.7%
21 - Over	63	24.8%
Total	254	100.0%

Source: School District Personnel Records.
(Excludes Small Group Instructors and Administrators)

North Royalton City School District

Student Demographic Information 2000 - 2001 School Year

GRADE	MALE	FEMALE	TOTAL
INT SP	2	2	4
Pre-School	9	1	10
Kindergarten	112	116	228
1	141	141	282
2	167	140	307
3	160	152	312
4	153	164	317
5	181	185	366
6	166	193	359
7	167	170	337
8	167	172	339
9	207	209	416
10	192	162	354
11	183	160	343
12	157	169	326
Ungraded	7	3	10
Total	2,171	2,139	4,310

Percent of Total Student Population 2000 - 2001 School Year

GRADE	ESKIMO-AMERICAN INDIAN	ASIAN	BLACK	WHITE	HISPANIC	MULTI-RACIAL	TOTAL
PS-4	0.02%	0.72%	0.26%	33.25%	0.14%	0.60%	34.99%
5-8	0.05%	0.72%	0.14%	30.67%	0.16%	0.32%	32.06%
9-12	0.00%	0.95%	0.05%	31.67%	0.07%	0.21%	32.95%
Total	0.07%	2.39%	0.45%	95.59%	0.37%	1.13%	100.00%

Source: School District records as of June, 2001

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SINGLE AUDIT REPORT

NORTH ROYALTON CITY SCHOOL DISTRICT

For the Year Ended June 30, 2001

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NORTH ROYALTON CITY SCHOOL DISTRICT

SINGLE AUDIT REPORT

For the year ended June 30, 2001

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**REPORTS ON COMPLIANCE AND ON THE
INTERNAL CONTROL STRUCTURE**

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
North Royalton City School District

We have audited the general-purpose financial statements of the North Royalton City School District (the "District") as of and for the year ended June 30, 2001, and have issued our report thereon dated November 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the District in a separate letter dated November 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the District in a separate letter dated November 20, 2001.

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

Grant Thornton LLP

Cleveland, Ohio
November 20, 2001

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
North Royalton City School District

Compliance

We have audited the compliance of the North Royalton City School District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the District as of and for the year ended June 30, 2001, and have issued our report thereon dated November 20, 2001. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Grant Thornton LLP

Cleveland, Ohio
November 20, 2001

SUPPLEMENTAL FINANCIAL INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2001

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Number	Receipts	Expenditures
U.S. Department of Education via Ohio Department of Education				
Special Education Cluster:				
Special Education - Grants to States	84.027	044545-6B-SF-99	\$ -	\$ 5,064
		044545-6B-SF-00	223,600	212,037
			<u>223,600</u>	<u>217,101</u>
Special Education - PreSchool Grants	84.173	044545-PG-S1-00	16,550	16,550
<i>Total Special Education Cluster</i>			240,150	233,651
Goals 2000 - State and Local Education				
Systemic Improvement Grants	84.276	044545-G2-S3-01	34,000	33,495
Innovative Education Program Strategies				
	84.298	044545-C2-S1-99	\$ -	\$ 5,684
		044545-C2-S1-00	10,129	11,611
		044545-C2-S1-01	18,205	14,521
			<u>28,334</u>	<u>31,816</u>
Safe and Drug-Free Schools and Communities				
State Grants	84.186	044545-DR-S1-00	1,703	3,503
		044545-DR-S1-01	10,730	12,061
			<u>12,433</u>	<u>15,564</u>
Immigrant Education Grant				
	84.162	044545-E1-S1-00	-	2,233
Eisenhower Professional Development				
State Grants	84.281	044545-MS-S1-00	1,123	1,978
		044545-MS-S1-01	10,014	3,640
			<u>11,137</u>	<u>5,618</u>
Class Size Reduction Grant				
	84.340	044545-CR-S1-00	3,084	7,104
		044545-CR-S1-01	33,204	33,590
			<u>36,288</u>	<u>40,694</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			\$ 362,342	\$ 363,071

North Royalton City School District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Fiscal Year Ended June 30, 2001

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Number	Receipts	Expenditures
U.S. Department of Agriculture via Ohio Department of Education				
Nutrition Cluster:				
National School Lunch Program	10.555	044545-LL-P1-00	\$ 12,693	\$ 12,693
		0044545 LL-P4-00	9,923	9,923
		0044545 LL-P1-01	38,439	38,439
		0044545 LL-P4-01	29,260	29,260
			<u>90,315</u>	<u>90,315</u>
School Breakfast Program	10.553	044545-OS-PU-00	2,556	2,556
Food Donation	10.550	N/A	<u>42,211</u>	<u>45,034</u>
<i>Total Nutrition Cluster</i>			135,082	137,905
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 135,082	\$ 137,905
U.S. Department of Health and Human Services via Ohio Department of Education				
Refugee and Entrant Assistance - Discretionary Grants	93.576	044545-RJ-S1-01	\$ 3,150	\$ -
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 3,150	\$ -
TOTAL U.S. DEPARTMENT OF EDUCATION <i>(from previous page)</i>			\$ 362,342	\$ 363,071
GRAND TOTAL			\$ 500,574	\$ 500,976

North Royalton City School District

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2001

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the District. The District's reporting entity is defined in Note A to the District's general-purpose financial statements.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

(3) Noncash Support

The District receives noncash support in the form of food subsidies from the Food Distribution Program, CFDA 10.550. The value of the food subsidies is determined by using the fair market value of the food items as quoted by local food suppliers.

FINDINGS

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

For the Fiscal Year Ended June 30, 2001

1. SUMMARY OF AUDITORS' RESULTS

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

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

North Royalton City School District

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

For the year ended June 30, 2001

The June 30, 2000 audit reported no audit findings as defined in OMB Circular A-133 §.510. Therefore, there are no prior audit findings to report the status of.



Mr. Clifford A. Reinhardt
Treasurer

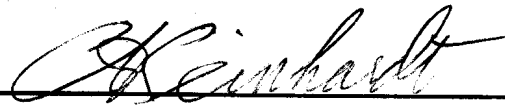
North Royalton City School District

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315(c)**

For the year ended June 30, 2001

The June 30, 2001 audit reported no audit findings as defined in OMB Circular A-133

§.510. Therefore, preparation of a corrective action plan is not applicable.



Mr. Clifford A. Reinhardt
Treasurer



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 22, 2002**