

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2007**



**Mary Taylor, CPA**  
Auditor of State



**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. Department of Agriculture</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution	N/A	10.550	\$0	\$31,290	\$0	\$31,290
Nutrition Cluster:						
National School Breakfast Program	044545-05PU-2006	10.553	1,450	0	1,450	0
National School Breakfast Program	044545-05PU-2007	10.553	1,998	0	1,998	0
Subtotal National School Breakfast Program			3,448	0	3,448	0
National School Lunch Program	044545-LLP4-2006	10.555	39,785	0	39,785	0
National School Lunch Program	044545-LLP4-2007	10.555	109,803	0	109,803	0
Subtotal National School Lunch Program			149,588	0	149,588	0
Total Nutrition Cluster			153,036	0	153,036	0
<b>Total U.S. Department of Agriculture</b>			<b>153,036</b>	<b>31,290</b>	<b>153,036</b>	<b>31,290</b>
<b><u>U.S. Department of Education</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
IDEA Part B (Title VI-B)	044545-6BSF-2006	84.027	35,222	0	93,859	0
IDEA Part B (Title VI-B)	044545-6BSF-2006	84.027	(14,908)	0	0	0
IDEA Part B (Title VI-B)	044545-6BSF-2007	84.027	14,908	0	14,908	0
IDEA Part B (Title VI-B)	044545-6BSF-2007	84.027	918,229	0	873,726	0
Collaborative Grant	044545-6BSD-2006	84.027	(21)	0	831	0
Subtotal IDEA Part B			953,430	0	983,324	0
Preschool Disability Grant	044545-PGS1-2006	84.173	3,792	0	6,003	0
Preschool Disability Grant	044545-PGS1-2007	84.173	18,064	0	17,182	0
Subtotal Preschool Disability Grant			21,856	0	23,185	0
Total Special Education Cluster			975,286	0	1,006,509	0
Drug Free School Grant	044545-DRS1-2006	84.186	2,389	0	1,218	0
Drug Free School Grant	044545-DRS1-2007	84.186	1,698	0	598	0
Total Drug Free School Grant			4,087	0	1,816	0
Title V - Innovative Programs	044545-C2S1-2006	84.298	2,868	0	0	0
Title V - Innovative Programs	044545-C2S1-2006	84.298	(1,856)	0	0	0
Title V - Innovative Programs	044545-C2S1-2007	84.298	1,856	0	1,856	0
Title V - Innovative Programs	044545-C2S1-2007	84.298	8,138	0	7,311	0
Total Title V - Innovative Programs			11,006	0	9,167	0
Title II, Part A - Teacher and Principal Training and Recruiting	044545-TRS1-2006	84.367	21,380	0	13,459	0
Title II, Part A - Teacher and Principal Training and Recruiting	044545-TRS1-2006	84.367	(3,151)	0	0	0
Title II, Part A - Teacher and Principal Training and Recruiting	044545-TRS1-2007	84.367	3,151	0	3,151	0
Title II, Part A - Teacher and Principal Training and Recruiting	044545-TRS1-2007	84.367	68,044	0	61,765	0
Total Title II, Part A - Teacher and Principal Training and Recruiting			89,424	0	78,375	0
Title III - Limited English Proficiency Grant	044545-T3S1-2006	84.365	2,199	0	2,858	0
Title III - Limited English Proficiency Grant	044545-T3S1-2007	84.365	17,800	0	18,214	0
Title III - Limited English Proficiency Grant	044545-T3S2-2007	84.365	4,706	0	4,940	0
Total Title III - Limited English Proficiency Grant			24,705	0	26,012	0
<b>Total U.S. Department of Education</b>			<b>1,104,508</b>	<b>0</b>	<b>1,121,879</b>	<b>0</b>
<b>Total Federal Financial Assistance</b>			<b>\$1,257,544</b>	<b>\$31,290</b>	<b>\$1,274,915</b>	<b>\$31,290</b>

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

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2007**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Values may change from month to month and are entirely subjective. At June 30, 2007, the District had no significant food commodities in inventory.

**NOTE C – NATIONAL SCHOOL LUNCH PROGRAM**

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

**NOTE D – RETURN OF RECEIPTS**

The District returned receipts in the amount of \$21 from the Special Education Collaborative Grant (CFDA #84.027) to the Ohio Department of Education because all of the grant funds had not been expended within the allowable grant period.

**NOTE E – FEDERAL TRANSFERS**

The Ohio Department of Education (ODE) transferred federal grant monies from grant year 2006 to grant year 2007 for the Special Education Grant (CFDA #84.027), Title V Innovative Programs Grant (CFDA #84.298), and the Title II-A Teacher and Principal Training and Recruiting Grant (CFDA #84.367). These transfers appear as negative receipts in the 2006 grant year and as positive receipts in the 2007 grant year. These transfers by ODE allowed the District to extend the availability period for expenditure of these receipts.

CFDA – Catalog of Federal Domestic Assistance.

N/A – Not applicable



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

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

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

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

We noted certain matters that we reported to the District's management in a separate letter dated December 14, 2007.

### **Compliance and Other Matters**

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

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

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

**Mary Taylor, CPA**  
Auditor of State

December 14, 2007



# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Education:

#### Compliance

We have audited the compliance of the North Royalton City School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

#### Internal Control Over Compliance

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

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

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

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

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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Royalton City School District (the District) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 14, 2007. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Mary Taylor, CPA**  
Auditor of State

December 14, 2007

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2007**

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

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2007  
(CONTINUED)**

**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***  
***NORTH ROYALTON, OHIO***  
***COMPREHENSIVE ANNUAL FINANCIAL REPORT***  
***FOR THE FISCAL YEAR ENDED JUNE 30, 2007***

Issued By:  
Treasurer's Office  
Richard McIntosh  
Treasurer



**North Royalton City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2007*  
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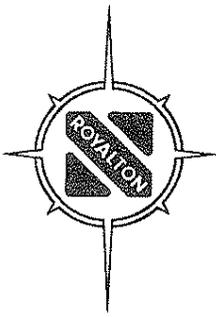
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# NORTH ROYALTON CITY SCHOOLS

## Office of the Treasurer

6579 Royalton Road  
North Royalton, Ohio 44133

440-582-7273  
Fax 440-582-7336

December 14, 2007

Board of Education Members  
North Royalton City School District

It is our privilege to present to you the Comprehensive Annual Financial Report (CAFR) of the North Royalton City School District ("School District") for the fiscal year ended June 30, 2007. This CAFR enables the School District to comply with the Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires school districts reporting on a GAAP basis to file an annual report with the Auditor of State within 150 days of the fiscal year end.

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

Under Ohio law, regular audits are required to be performed on all financial related operations of the School District. These audits may be done by either the State Auditor's Office or, if the State Auditor permits, an independent public accounting firm. For fiscal year 2007, the School District was audited by the Auditor of State's Office. Their unqualified opinion is included in the financial section of this CAFR.

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

### **The School District**

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

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

Accredited by North Central Association of Colleges and Schools

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

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

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

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

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

### **The Reporting Entity**

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

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

### **Economic Condition and Outlook**

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

The North Royalton City School District receives 69.3 percent of its governmental revenues from local property tax collections. Therefore the long-term financial health of the School District is very dependent on its tax base. The total assessed value of the School District's tax duplicate rose by 75 percent in the last ten

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

The City of North Royalton and the City of Broadview Heights continue to attract new housing and commercial development. There are currently 27 new housing developments approved and under construction in the School District. As of June 30, 2007 there were approximately 1,000 new home lots approved by the Planning Commissions and City Councils of the respective cities for completion in the School District over the next five years.

Enrollment for the 1997-1998 school year was 4,234 students. Enrollment for the 2006-2007 school year was 4,666 students. The School District enlists the assistance of a professional demographer to develop enrollment projections. Projections are developed assuming low, moderate and high growth rates in the School District. The last enrollment projections completed in March 2006 indicate that the growth in the student population will continue. Student enrollment projections for the 2016-2017 school year estimates an enrollment of 5,200 students assuming moderate growth rates.

### **Educational Program**

During the 2007 school year, the School District's curriculum included a wide range of electives and comprehensive courses of study in college preparatory, liberal arts and vocational programs. The School District offers advanced placement courses at the high school in American Government, English, Calculus AB, Computer Science, Economics and Physics B. Test scores indicate students are achieving higher than State and national averages. The School District has earned the highest rating on the State of Ohio District Report Card for the past seven consecutive years.

The graduating Class of 2007 exceeded the State and national average scores on both the American College Test (ACT) and the Scholastic Aptitude Test (SAT). The composite score of 23.2 on the ACT surpassed the state average of 21.6 and the national average of 21.2. The mean scores for North Royalton students on the SAT of 557 in mathematics and 545 in critical reading surpassed the State mean score of 536 and the national score of 515 in mathematics and the State mean of 542 and the national mean of 502 in the critical reading section. This year the high school has one finalist and three commended scholars in the National Merit Scholarship Program.

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

Ninety three percent of the high school graduates last year indicated they intended to continue their education at the university or college level with 72 percent attending a four-year college and 21 percent a two-year college. The high school offers 190 courses on the main campus with an additional 50 vocational offerings at Cuyahoga Valley Career Center. Additional academic statistics from the Class of 2007 include: 25 percent received an Honors Diploma, 17 percent were members of the National Honor Society, 3 percent graduated Magna Cum Laude and 4 percent graduated Cum Laude.

## **Major Initiatives:**

### ***2006 – 2007 School Year***

- Continued the cycle of curriculum review, material selection (Pre-K curriculum, K – 3 Social Studies, 5 - 8 math, 9 – 12 Social Studies), enabling monitoring and updating of the Pre-K – 12 educational program
- Developed the Consolidated Continuous Improvement Plan (CCIP) that is designed to improve student achievement
- Continued the implementation of the Response to Intervention (RtI) process
  - Year 2 for Literacy
    - Trained staff in special programs (i.e. Readwell, Phonics First, PALS)
  - Developed implementation plan for Behavior
  - Investigated potential math tools
- Formulated assessment maps for language arts in grades 5 – 8
- Trained staff to use a variety of data (i.e. Value Added, OAT/OGT, DIBELS, AIMSweb)
- Trained high school staff to implement a new high school freshman orientation program (Link Crew)
- Provided staff development for integrating technology implementation especially in terms of communicating with students and families (i.e. Progressbook, On-line textbooks)
- Continuous professional development to help staff meet the learning needs of special populations (i.e. student with disabilities, English Language Learners, gifted) including: Blended Method Classroom Program for Students on the Autism Spectrum Disorder, consultant services for staff for application in classroom settings, SIOP Model for ELL; implementing William and Mary, Jacob's Ladder, Michael Clay Thompson Vocabulary and Grammar, Junior Great Books
- Provided extended day services for identified pre-school and kindergarten special needs students

### ***For the Future***

- Continue the cycle of curriculum review, material selection highlighting science and grade 4 social studies
- Monitor and Refine the Consolidated Continuous Improvement Plan (CCIP) to improve student achievement as determined by data
- Continue the implementation of the Response to Intervention (RtI) process
  - Year 3 for Literacy
    - Organize a subgroup to review data, needs, and propose solutions
  - Year 2 for Behavior
    - Organize a subgroup to monitor, evaluate, and adjust the action plan
  - Year 1 for Math
    - Organize a subgroup to create an action plan
- Provide professional development so that students and parents will access grades, report cards, progress reports, and class information on-line for 2008 – 2009
- Continued training in the utilization of data to drive decisions

- Begin examination of our professional development model and content to serve the needs of our staff in a manner that is fiscally responsible and that will lead to improved student achievement
  - Incorporate early release days as a beginning to altering our model
  - Examining on-line opportunities
  - Developing and using in-district experts
- Continue collaboration with State representatives and constituents regarding funding, facility needs, and operation needs
- Continued professional development to: review alternative programs to: provide Tier 1,2, and 3 interventions in the RtI process (6+1 Trait Writing, Positive Behavior Supports, utilizing on-line assessment components of curricular adoptions, Applied Behavior Analysis (ABA) training including discrete trial training

### **Long Term Planning**

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

### **Relevant Financial Policies**

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

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

### **Awards**

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to North Royalton City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

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

## Acknowledgments

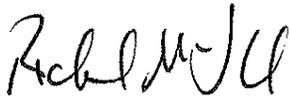
The publication of this report is a significant step toward professionalizing the North Royalton City School District's financial reporting. It enhances the School District's accountability to the residents of the North Royalton City School District.

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

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

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

Respectfully submitted,



Richard McIntosh  
Treasurer



Randy Boroff  
Superintendent

**North Royalton City School District**

*Principal Officials*

*June 30, 2007*

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***Board of Education***

Ms. Cheryl Tuttle.....President  
Ms. Heidi Dolezal..... Vice-President  
Ms. Catherine Bican ..... Member  
Ms. Barbara Soggs..... Member  
Ms. Barbara Zindroski..... Member

***Treasurer***

Mr. Richard McIntosh

***Administration***

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



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Royalton  
City School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



President

Executive Director



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

December 14, 2007

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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The discussion and analysis of North Royalton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2007 are as follows:

- ❑ Net assets of governmental activities increased \$820,729, which represents a 5.3 percent increase from 2006. This increase is the result of the School District actively pursuing grants and monitoring expenses while still maintaining the high academic standards the communities expect of the School District.
- ❑ Governmental Activities reflected total revenue in the amount of \$48,010,035, a \$2,119,629 increase from the prior fiscal year. This increase is the result of an increase in taxes and interest income.
- ❑ Total program expenses were \$47,189,306 in Governmental Activities, a 6.38 percent increase over 2006. This increase is the due to an increase in salaries and health care costs.

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

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

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

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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

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

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general and bond retirement debt service funds.

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

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

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

**The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

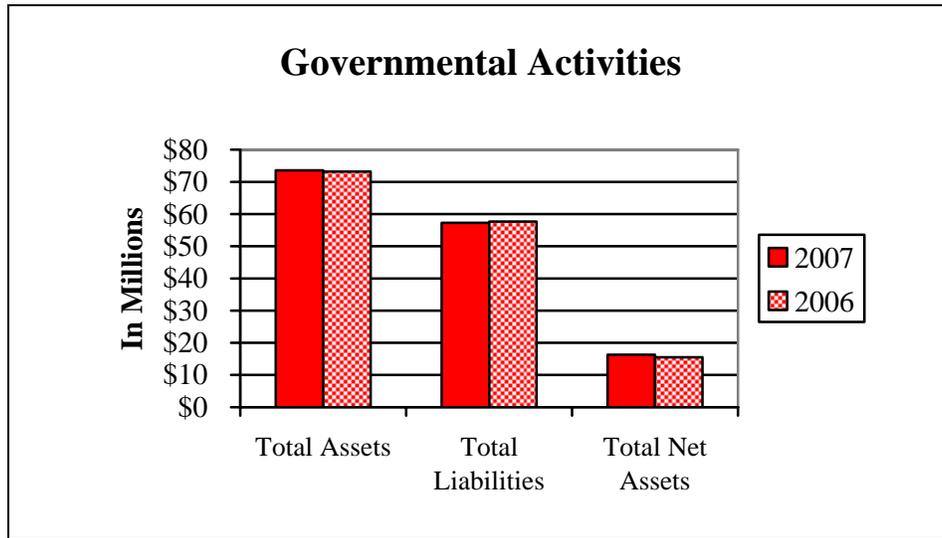
**Table 1**  
 Net Assets  
 Governmental Activities

	2007	2006	Change
<b>Assets</b>			
Current and Other Assets	\$47,241,347	\$45,877,645	\$1,363,702
Capital Assets, Net of Depreciation	26,371,329	27,284,658	(913,329)
<i>Total Assets</i>	<u>73,612,676</u>	<u>73,162,303</u>	<u>450,373</u>
<b>Liabilities</b>			
Current and Other Liabilities	36,034,291	35,012,147	1,022,144
Long-Term Liabilities:			
Due Within One Year	1,472,108	2,031,017	(558,909)
Due in More Than One Year	19,811,743	20,645,334	(833,591)
<i>Total Liabilities</i>	<u>57,318,142</u>	<u>57,688,498</u>	<u>(370,356)</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	10,404,332	9,387,547	1,016,785
Restricted for:			
Capital Projects	243,059	253,191	(10,132)
Debt Service	3,472,628	3,328,432	144,196
Other Purposes	426,672	337,334	89,338
Unrestricted	1,747,843	2,167,301	(419,458)
<i>Total Net Assets</i>	<u>\$16,294,534</u>	<u>\$15,473,805</u>	<u>\$820,729</u>

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

	2007	2006
Total Assets	\$73.6	\$73.2
Total Liabilities	<u>57.3</u>	<u>57.7</u>
Total Net Assets	<u>\$16.3</u>	<u>\$15.5</u>

**North Royalton City School District**  
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Total assets increased \$450,373. Equity in pooled cash and cash equivalents increased \$596,490. Property taxes receivable increased \$968,696 due to new construction and the elimination of the 10 percent property tax rollback for businesses in January 2006. This increase was offset by a decrease in capital assets of \$913,329 due to the annual depreciation exceeding capital outlays.

Current liabilities increased by \$1,022,144. This increase resulted in part from an increase in deferred revenue in the amount of \$258,256 due to the amount of tax revenue available to advance the School District from the County Auditor decreasing as well as an increase in accrued wages of \$294,818.

By comparing assets and liabilities, one can see the overall position of the School District has improved as evidenced by the increase in net assets of \$820,729.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$44,109,479 or 91.88 percent of the total revenue. The most significant portion of the general revenue is local property tax accounting for 75.75 percent of total general revenues. The remaining amount of revenue received was in the form of program revenues, which equated to \$3,900,556 or 8.12 percent of total revenue.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net assets for the fiscal year 2007 and 2006. The increase in net assets can be mainly attributed to the increase in property taxes and interest offset by a slight increase in expenses. Total expenses increased \$2,831,815 due to an increase in salaries and health benefits.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

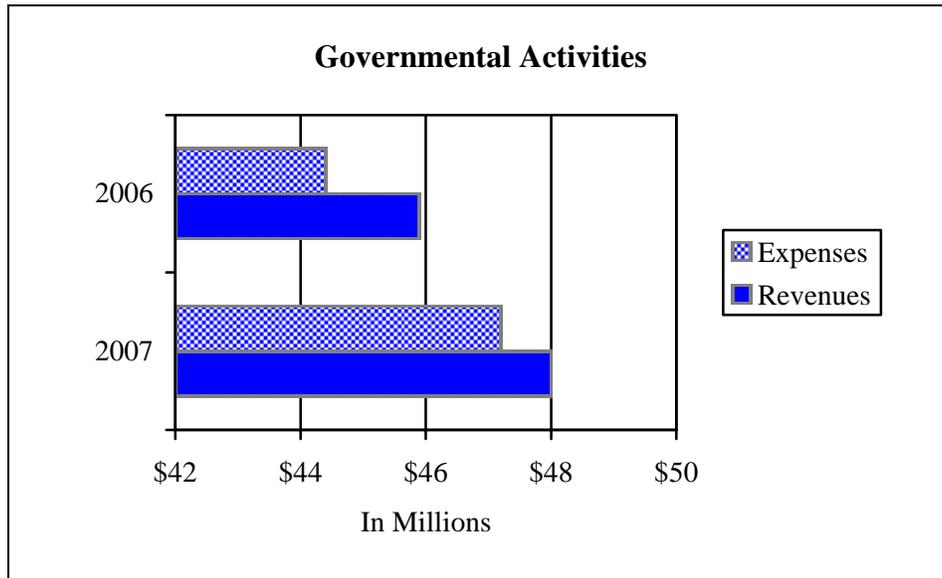
**Table 2**  
 Governmental Activities

	<u>2007</u>	<u>2006</u>	<u>Change</u>
<b>Program revenues</b>			
Charges for Services and Sales	\$1,698,741	\$1,796,375	(\$97,634)
Operating Grants, Contributions and Interest	2,155,796	2,186,617	(30,821)
Capital Grants and Contributions	46,019	61,179	(15,160)
<i>Total Program Revenues</i>	<u>3,900,556</u>	<u>4,044,171</u>	<u>(143,615)</u>
<b>General revenues</b>			
Property Taxes	33,413,132	31,764,632	1,648,500
Grants and Entitlements not Restricted to Specific Programs	9,734,777	9,475,185	259,592
Investment Earnings	855,268	516,550	338,718
Gain on Sale of Capital Assets	3,000	44	2,956
Miscellaneous	103,302	89,824	13,478
<i>Total General Revenues</i>	<u>44,109,479</u>	<u>41,846,235</u>	<u>2,263,244</u>
<i>Total Revenues</i>	<u>48,010,035</u>	<u>45,890,406</u>	<u>2,119,629</u>
<b>Program Expenses</b>			
Instruction:			
Regular	20,004,883	19,181,614	823,269
Special	4,603,113	3,964,579	638,534
Vocational	193,147	168,079	25,068
Support Services:			
Pupil	2,418,861	2,201,623	217,238
Instructional Staff	3,132,012	2,806,302	325,710
Board of Education	35,706	32,661	3,045
Administration	3,249,707	3,045,649	204,058
Fiscal	970,782	1,003,012	(32,230)
Business	299,718	287,549	12,169
Operation and Maintenance of Plant	3,949,268	3,776,192	173,076
Pupil Transportation	3,490,934	3,258,231	232,703
Central	469,215	437,407	31,808
Operation Non-Instructional Services	777,482	760,088	17,394
Operation of Food Services	1,373,576	1,386,551	(12,975)
Extracurricular Activities	971,326	886,853	84,473
Interest and Fiscal Charges	1,249,576	1,161,101	88,475
<i>Total Program Expenses</i>	<u>47,189,306</u>	<u>44,357,491</u>	<u>2,831,815</u>
<i>Increase in Net Assets</i>	820,729	1,532,915	(712,186)
<i>Net Assets Beginning of Year</i>	<u>15,473,805</u>	<u>13,940,890</u>	<u>1,532,915</u>
<i>Net Assets End of Year</i>	<u>\$16,294,534</u>	<u>\$15,473,805</u>	<u>\$820,729</u>

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

**Graph 2**  
**Revenues and Expenses**  
(In Millions)

	2007	2006
Revenues	\$48.0	\$45.9
Expenses	47.2	44.4



***Governmental Activities***

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay less than \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 69.6 percent of revenues for governmental activities for North Royalton City School District in fiscal year 2007 versus 69.2 percent in fiscal year 2006. This increase was due to new construction coming on to the tax duplicate and the elimination of the 10 percent rollback for businesses that was effective in January 2006.

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Instruction comprises 52.6 percent of governmental program expenses. Instruction along with pupil and instructional staff support comprises 64.3 percent of governmental program expenses. Interest and fiscal charges was 2.65 percent. Interest expense was attributable to the outstanding debt issues previously approved by the residents of the School District to fund capital projects.

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

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

	2007		2006	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction:				
Regular	\$20,004,883	(\$19,608,064)	\$19,181,614	(\$18,555,851)
Special	4,603,113	(4,487,782)	3,964,579	(3,832,611)
Vocational	193,147	(193,147)	168,079	(168,079)
Support Services:				
Pupil	2,418,861	(2,358,490)	2,201,623	(2,167,257)
Instructional Staff	3,132,012	(2,284,373)	2,806,302	(2,068,952)
Board of Education	35,706	(35,706)	32,661	(32,661)
Administration	3,249,707	(3,218,379)	3,045,649	(3,009,884)
Fiscal	970,782	(963,042)	1,003,012	(994,958)
Business	299,718	(299,718)	287,549	(287,549)
Operation and Maintenance of Plant	3,949,268	(3,826,489)	3,776,192	(3,639,624)
Pupil Transportation	3,490,934	(3,443,847)	3,258,231	(3,219,187)
Central	469,215	(469,215)	437,407	(437,407)
Operation of Non-Instructional Services	777,482	(70,738)	760,088	(56,799)
Operation of Food Services	1,373,576	(52,927)	1,386,551	(46,123)
Extracurricular Activities	971,326	(727,257)	886,853	(635,277)
Interest and Fiscal Charges	1,249,576	(1,249,576)	1,161,101	(1,161,101)
<i>Total</i>	<u>\$47,189,306</u>	<u>(\$43,288,750)</u>	<u>\$44,357,491</u>	<u>(\$40,313,320)</u>

The dependence upon general revenues for governmental activities is apparent as local property tax accounts for roughly 69.6 percent of the total revenues in fiscal year 2007. This amount is approximately the same as in 2006. Almost 98 percent of instructional activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 91.9 percent of total governmental revenues. The community, as a whole, is by far the primary support for North Royalton City School District students.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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**The School District's Funds**

Information regarding the School District's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$48,206,860 and expenditures of \$47,567,722. The general fund had a moderate increase of \$309,450 in fund balance mainly due to higher tax revenues and better interest rates on investments. The net change in fund balance for the year in the bond retirement fund was an increase of \$263,803. Other Governmental Funds had an increase in fund balance mainly due to this being the first year of a new State biennium budget and the Auxiliary Service funds being permitted to carry balances to year two of the budget cycle. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes from the communities that comprise the School District are the largest revenue source, accounting for 69.3 percent of total governmental revenue.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2007, the School District amended its general fund by approximately five one hundredths of one percent. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

For the general fund, actual budget basis revenue totaled \$39,832,273, which was very close to the final budget estimates of \$39,815,562. Original budget estimates of \$40,701,325 differed from the final budget estimates due to higher estimates of property taxes.

Actual budget basis expenditures totaled \$40,366,118 compared to the final estimate of \$41,197,922.

The School District's unencumbered ending cash balance totaled \$6,169,362.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2007 the School District had \$26,371,329 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal 2007 balances compared to 2006:

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

**Table 4**

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

	2007	2006
Land	\$478,111	\$478,111
Land Improvements	517,210	580,913
Buildings and Improvements	22,182,535	22,910,452
Furniture and Equipment	1,611,375	1,815,124
Vehicles	1,582,098	1,500,058
<i>Total Capital Assets</i>	\$26,371,329	\$27,284,658

For fiscal year 2007, capital assets decreased \$913,329. The School District replaced the roofs on several school buildings and purchased new school buses. These increases were offset by the annual depreciation which accounts for the overall decrease in capital assets. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks and instructional materials and supplies. For fiscal year 2007, this amounted to \$677,481 for each set aside. See Note 7 to the basic financial statements for additional information on the School District's capital assets and Note 18 for additional information regarding required set-asides.

***Debt***

At June 30, 2007 the School District had \$18,398,102 in general obligation bonds outstanding. Table 5 summarizes the bonds outstanding.

**Table 5**

Outstanding Debt at Fiscal Year End  
Governmental Activities

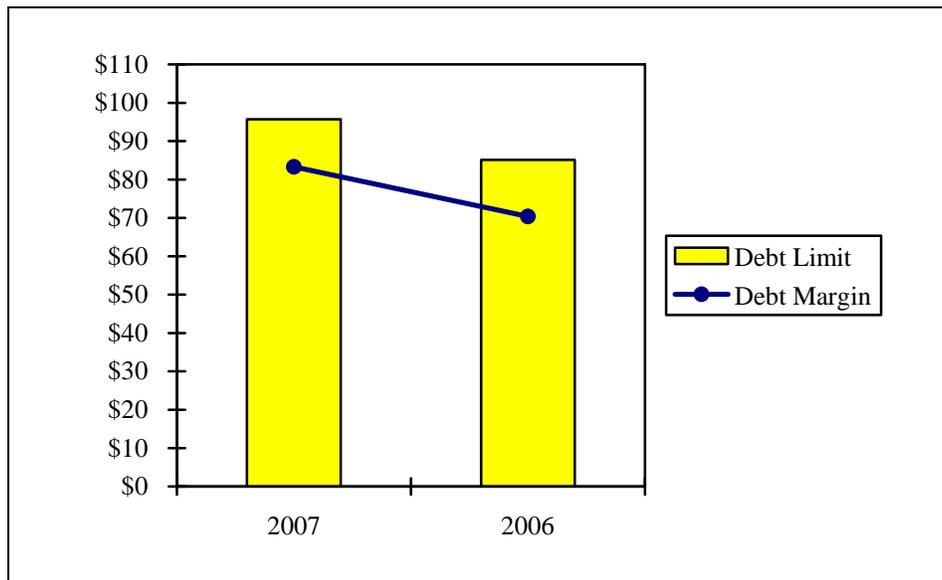
	2007	2006
1993 School Improvement Bonds	\$1,390,000	\$2,040,000
1994 School Improvement Bonds	2,695,732	3,482,146
2005 School Improvement Bonds	14,312,370	14,376,833
<i>Total</i>	\$18,398,102	\$19,898,979

The School District's overall legal debt margin increased to \$83.3 million. This is the additional amount of debt the School District could issue. The debt margin increased \$12.8 million from 2006 to 2007 due to the School District paying down current debt and increasing property valuations. See Note 13 to the basic financial statements for detail on the School District's long-term obligations.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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

	2007	2006
Overall Debt Limit	\$95.7	\$85.1
Overall Debt Margin	83.3	70.4



**School District Outlook**

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

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

The School District contracted with an architectural firm in 2004 to prepare a facilities master plan. The School District is working with a citizen advisory group and the architectural firm to prepare a long-term solution to the facilities issues.

Concomitant with the facilities issue is the need to generate additional operating revenue to meet the demands placed on the School District by the continued growth in its student population as well as

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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the state of under-funded and unfunded mandates from the State and Federal governments. The School District is working with a separate citizen financial advisory committee to address the operating needs of the School District.

In November 2006 the School District placed before the electorate the question of renewing an emergency operating levy expiring in 2007. This issue was approved. The School District now has two emergency operating levies that will need to be renewed in the future, one in calendar year 2010 and one in calendar year 2012. The additional operating costs that come with a growing student population will necessitate the passage of an additional operating levy in the near future. The School District, in conjunction with the aforementioned citizen financial advisory committee, is working to determine the timing and millage amount of the next operating issue.

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

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

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

# North Royalton City School District

## Statement of Net Assets

June 30, 2007

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$11,271,286
Accounts Receivable	4,183
Intergovernmental Receivable	85,829
Accrued Interest Receivable	1,431
Inventory Held for Resale	10,901
Materials and Supplies Inventory	94,184
Property Taxes Receivable	35,607,886
Unamortized Bond Issuance Costs	165,647
Nondepreciable Capital Assets	478,111
Depreciable Capital Assets, Net	<u>25,893,218</u>
<i>Total Assets</i>	<u>73,612,676</u>
<b>Liabilities</b>	
Accounts Payable	378,333
Accrued Wages and Benefits	3,450,580
Contracts Payable	10,181
Matured Compensated Absences Payable	230,514
Vacation Benefits Payable	127,590
Intergovernmental Payable	1,255,328
Deferred Revenue	30,395,852
Accrued Interest Payable	174,542
Claims Payable	11,371
Long-Term Liabilities:	
Due Within One Year	1,472,108
Due In More Than One Year	<u>19,811,743</u>
<i>Total Liabilities</i>	<u>57,318,142</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	10,404,332
Restricted for:	
Capital Projects	243,059
Debt Service	3,472,628
Other Purposes	426,672
Unrestricted	<u>1,747,843</u>
<i>Total Net Assets</i>	<u><u>\$16,294,534</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2007

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest		
<b>Governmental Activities</b>					
Instruction:					
Regular	\$20,004,883	\$251,613	\$145,206	\$0	(\$19,608,064)
Special	4,603,113	0	115,331	0	(4,487,782)
Vocational	193,147	0	0	0	(193,147)
Support Services:					
Pupil	2,418,861	0	60,371	0	(2,358,490)
Instructional Staff	3,132,012	0	847,639	0	(2,284,373)
Board of Education	35,706	0	0	0	(35,706)
Administration	3,249,707	45	31,283	0	(3,218,379)
Fiscal	970,782	48	7,692	0	(963,042)
Business	299,718	0	0	0	(299,718)
Operation and Maintenance of Plant	3,949,268	66,496	56,283	0	(3,826,489)
Pupil Transportation	3,490,934	1,068	0	46,019	(3,443,847)
Central	469,215	0	0	0	(469,215)
Operation of Non-Instructional Services	777,482	0	706,744	0	(70,738)
Operation of Food Services	1,373,576	1,162,798	157,851	0	(52,927)
Extracurricular Activities	971,326	216,673	27,396	0	(727,257)
Interest and Fiscal Charges	1,249,576	0	0	0	(1,249,576)
<i>Totals</i>	<u>\$47,189,306</u>	<u>\$1,698,741</u>	<u>\$2,155,796</u>	<u>\$46,019</u>	<u>(43,288,750)</u>

**General Revenues**

Property Taxes Levied for:

General Purposes	29,852,874
Debt Service	2,621,799
Capital Outlay	938,459
Grants and Entitlements not Restricted to Specific Programs	9,734,777
Investment Earnings	855,268
Gain on Sale of Capital Assets	3,000
Miscellaneous	103,302

*Total General Revenues*

44,109,479

Change in Net Assets

820,729

*Net Assets Beginning of Year*

15,473,805

*Net Assets End of Year*

\$16,294,534

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2007*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$7,075,361	\$2,878,667	\$1,113,569	\$11,067,597
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	46,539	0	0	46,539
Property Taxes Receivable	31,982,449	2,618,306	1,007,131	35,607,886
Accounts Receivable	4,183	0	0	4,183
Accrued Interest Receivable	1,431	0	0	1,431
Intergovernmental Receivable	17,263	0	68,566	85,829
Interfund Receivable	758	362,000	0	362,758
Inventory Held for Resale	0	0	10,901	10,901
Materials and Supplies Inventory	94,184	0	0	94,184
<i>Total Assets</i>	<u>\$39,222,168</u>	<u>\$5,858,973</u>	<u>\$2,200,167</u>	<u>\$47,281,308</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$236,624	\$0	\$141,709	\$378,333
Contracts Payable	10,181	0	0	10,181
Accrued Wages and Benefits	3,399,894	0	50,686	3,450,580
Interfund Payable	0	0	362,758	362,758
Intergovernmental Payable	1,205,734	0	49,594	1,255,328
Matured Compensated Absences Payable	225,709	0	4,805	230,514
Deferred Revenue	28,481,085	2,312,377	893,824	31,687,286
Accrued Interest Payable	0	0	1,431	1,431
<i>Total Liabilities</i>	<u>33,559,227</u>	<u>2,312,377</u>	<u>1,504,807</u>	<u>37,376,411</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	690,281	0	538,195	1,228,476
Reserved for Property Taxes	3,499,791	304,820	112,896	3,917,507
Reserved for Bus Purchase	46,539	0	0	46,539
Unreserved:				
Undesignated, Reported in:				
General Fund	1,426,330	0	0	1,426,330
Special Revenue Funds	0	0	380,916	380,916
Debt Service Fund	0	3,241,776	0	3,241,776
Capital Projects Funds (Deficit)	0	0	(336,647)	(336,647)
<i>Total Fund Balances</i>	<u>5,662,941</u>	<u>3,546,596</u>	<u>695,360</u>	<u>9,904,897</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$39,222,168</u>	<u>\$5,858,973</u>	<u>\$2,200,167</u>	<u>\$47,281,308</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities*  
 June 30, 2007

<b>Total Governmental Fund Balances</b>	<b>\$9,904,897</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,371,329
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	1,274,171
Tuition and Fees	<u>17,263</u>
Total	1,291,434
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	145,779
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds, a bond issuance expenditure is reported when bonds are issued.	165,647
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(173,111)
Vacation Benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(127,590)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(2,885,749)
General Obligation Bonds	<u>(18,398,102)</u>
Total	<u>(21,283,851)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$16,294,534</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2007*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$29,849,206	\$2,629,362	\$937,309	\$33,415,877
Intergovernmental	9,351,443	274,847	2,191,813	11,818,103
Interest	846,621	0	17,531	864,152
Tuition and Fees	343,246	0	37,811	381,057
Extracurricular Activities	22,968	0	192,669	215,637
Contributions and Donations	200	0	109,405	109,605
Charges for Services	0	0	1,240,255	1,240,255
Rentals	56,397	0	2,475	58,872
Miscellaneous	74,398	0	28,904	103,302
<i>Total Revenues</i>	<u>40,544,479</u>	<u>2,904,209</u>	<u>4,758,172</u>	<u>48,206,860</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	19,070,968	0	219,107	19,290,075
Special	4,402,218	0	113,751	4,515,969
Vocational	186,400	0	0	186,400
Support Services:				
Pupil	2,296,673	0	59,898	2,356,571
Instructional Staff	2,182,940	0	844,287	3,027,227
Board of Education	35,706	0	0	35,706
Administration	3,023,494	0	30,711	3,054,205
Fiscal	907,690	33,743	9,387	950,820
Business	297,493	0	0	297,493
Operation and Maintenance of Plant	3,511,064	0	37,357	3,548,421
Pupil Transportation	2,965,680	0	0	2,965,680
Central	452,042	0	0	452,042
Operation of Non-Instructional Services	73,180	0	688,426	761,606
Operation of Food Services	0	0	1,299,759	1,299,759
Extracurricular Activities	686,481	0	268,274	954,755
Capital Outlay	0	0	1,247,094	1,247,094
Debt Service:				
Principal Retirement	0	1,930,000	0	1,930,000
Interest and Fiscal Charges	0	676,663	17,236	693,899
<i>Total Expenditures</i>	<u>40,092,029</u>	<u>2,640,406</u>	<u>4,835,287</u>	<u>47,567,722</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>452,450</u>	<u>263,803</u>	<u>(77,115)</u>	<u>639,138</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	4,000	0	0	4,000
Transfers In	0	0	147,000	147,000
Transfers Out	(147,000)	0	0	(147,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(143,000)</u>	<u>0</u>	<u>147,000</u>	<u>4,000</u>
<i>Net Change in Fund Balances</i>	309,450	263,803	69,885	643,138
<i>Fund Balances Beginning of Year</i>	<u>5,353,491</u>	<u>3,282,793</u>	<u>625,475</u>	<u>9,261,759</u>
<i>Fund Balances End of Year</i>	<u><u>\$5,662,941</u></u>	<u><u>\$3,546,596</u></u>	<u><u>\$695,360</u></u>	<u><u>\$9,904,897</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2007*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$643,138</b>
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital Outlay	803,849
Depreciation	<u>(1,701,862)</u>
Total	(898,013)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	
	(15,316)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	(2,745)
Tuition and Fees	<u>(197,080)</u>
Total	(199,825)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
	1,930,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Accrued Interest on Bonds	(112,044)
Amortization of Issuance Costs	(14,510)
Amortization of Premium on Bonds	155,175
Amortization of Accounting Loss	(140,551)
Bond Accretion	<u>(443,747)</u>
Total	(555,677)
Some expenses reported in the statement of activities, such as compensated absences and vacation benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated Absences	(108,377)
Vacation Benefits Payable	<u>11,979</u>
Total	(96,398)
The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statements of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	
	<u>12,820</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$820,729</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$29,825,003	\$29,188,181	\$29,188,181	\$0
Intergovernmental	9,555,471	9,351,443	9,351,443	0
Interest	813,030	778,959	795,670	16,711
Tuition and Fees	350,735	343,246	343,246	0
Extracurricular Activities	23,469	22,968	22,968	0
Contributions and Donations	204	200	200	0
Rentals	57,392	56,167	56,167	0
Miscellaneous	76,021	74,398	74,398	0
<i>Total Revenues</i>	<u>40,701,325</u>	<u>39,815,562</u>	<u>39,832,273</u>	<u>16,711</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	19,292,133	19,292,133	19,023,924	268,209
Special	4,762,708	4,762,708	4,631,472	131,236
Vocational	195,378	195,378	193,815	1,563
Support Services:				
Pupil	2,322,555	2,322,555	2,252,710	69,845
Instructional Staff	2,170,676	2,170,676	2,149,158	21,518
Board of Education	38,192	38,192	36,061	2,131
Administration	3,017,632	3,017,632	3,004,582	13,050
Fiscal	909,718	909,718	904,465	5,253
Business	300,533	300,533	295,746	4,787
Operation and Maintenance of Plant	3,823,444	3,823,444	3,611,695	211,749
Pupil Transportation	3,051,399	3,051,399	2,986,948	64,451
Central	523,253	523,253	521,286	1,967
Operation of Non-Instructional Services	77,165	77,165	72,900	4,265
Extracurricular Activities	713,136	713,136	681,356	31,780
<i>Total Expenditures</i>	<u>41,197,922</u>	<u>41,197,922</u>	<u>40,366,118</u>	<u>831,804</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(496,597)</u>	<u>(1,382,360)</u>	<u>(533,845)</u>	<u>848,515</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	4,087	4,000	4,000	0
Advances In	136,821	133,900	133,900	0
Advances Out	(250,000)	(250,000)	(80,308)	169,692
Transfers Out	(147,000)	(147,000)	(147,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(256,092)</u>	<u>(259,100)</u>	<u>(89,408)</u>	<u>169,692</u>
<i>Net Change in Fund Balance</i>	<u>(752,689)</u>	<u>(1,641,460)</u>	<u>(623,253)</u>	<u>1,018,207</u>
<i>Fund Balance Beginning of Year</i>	6,186,668	6,186,668	6,186,668	0
Prior Year Encumbrances Appropriated	605,947	605,947	605,947	0
<i>Fund Balance End of Year</i>	<u><u>\$6,039,926</u></u>	<u><u>\$5,151,155</u></u>	<u><u>\$6,169,362</u></u>	<u><u>\$1,018,207</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2007*

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	<u>Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$157,150
<b>Liabilities</b>	
Claims Payable	<u>11,371</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$145,779</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues,  
 Expenses and Changes in Fund Net Assets  
 Internal Service Fund  
 For the Fiscal Year Ended June 30, 2007*

	Insurance
<b>Operating Revenues</b>	
Charges for Services	\$152,923
<b>Operating Expenses</b>	
Purchased Services	23,910
Claims	116,193
<i>Total Operating Expenses</i>	140,103
<i>Change in Net Assets</i>	12,820
<i>Net Assets Beginning of Year</i>	132,959
<i>Net Assets End of Year</i>	\$145,779

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Cash Flows*  
*Internal Service Fund*  
For the Fiscal Year Ended June 30, 2007

	<u>Insurance</u>
<i><b>Increase (Decrease) in Cash and Cash Equivalents</b></i>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$152,923
Cash Payments for Purchased Services	(23,910)
Cash Payments for Claims	(120,339)
<i>Net Increase in Cash and Cash Equivalents</i>	8,674
<i>Cash and Cash Equivalents Beginning of Year</i>	148,476
<i>Cash and Cash Equivalents End of Year</i>	\$157,150
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$12,820
Adjustments:	
Decrease in Claims Payable	(4,146)
<i>Net Cash Provided by Operating Activities</i>	\$8,674
 See accompanying notes to the basic financial statements	

**North Royalton City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2007*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$16,448,322</u>
<b>Liabilities</b>	
Due to Students	\$233,567
Undistributed Monies	<u>16,214,755</u>
<i>Total Liabilities</i>	<u>\$16,448,322</u>

See accompanying notes to the basic financial statements

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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

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

The School District is located in a suburban area south of Cleveland, Ohio. It is located in Cuyahoga County and encompasses nearly all of the City of North Royalton and a smaller portion of the City of Broadview Heights. It is staffed by 256 classified employees and 319 certified personnel who provide services to 4,666 students and other community members. The School District currently operates three elementary buildings, one middle school, one high school, an administrative building, a maintenance garage and a bus garage.

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

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

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

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

The School District participates in three jointly governed organizations and a shared risk pool. These organizations are the Lakeshore Northeast Ohio Computer Association, Cuyahoga Valley Career Center, Ohio Schools Council Association and the Suburban Health Consortium which are presented in Notes 15 and 17 to the basic financial statements.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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

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

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

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

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

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

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

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

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

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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

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

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

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

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

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

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

### **C. Measurement Focus**

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

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

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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

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

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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

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

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

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

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

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

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

During fiscal year 2007, investments were limited to federal home loan mortgage corporation bonds, federal home loan mortgage corporation discount notes, federal home loan bank bonds, fannie mae note, fannie mae discount note and STAROhio, the State Treasurer's Investment Pool.

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

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2007.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$846,621, which includes \$292,875 assigned from other School District funds.

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

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

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

### ***H. Inventory***

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

### ***I. Restricted Assets***

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

### ***J. Capital Assets***

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

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

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

**North Royalton City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2007*

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

***K. Interfund Balances***

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

***L. Compensated Absences***

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

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

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

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

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

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

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

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$4,142,359, none of which is restricted by enabling legislation. Net assets restricted for other purposes include grants, food service operations and extracurricular activities.

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

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

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

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

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

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

### ***Q. Bond Issuance Costs***

Bond issuance costs for underwriting fees and bond insurance for the school improvement general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method.

### ***R. Bond Premium***

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bond using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund financial statements, bond premiums are reported as an other financing source in the fiscal year received.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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***S. Deferred Loss on Refunding***

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

***T. Internal Activity***

Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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

***U. Extraordinary and Special Items***

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

***V. Estimates***

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

**Note 3 - Budgetary Basis of Accounting**

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

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

4. Investments are reported at cost (budget) rather than fair value (GAAP).

5 Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

Net Change in Fund Balance	
GAAP Basis	\$309,450
Net Adjustment for Revenue Accruals	(662,686)
Advances In	133,900
Beginning Fair Value Adjustment for Investments	24,108
Ending Fair Value Adjustment for Investments	(73,628)
Net Adjustment for Expenditure Accruals	604,821
Advances Out	(80,308)
Encumbrances	<u>(878,910)</u>
Budget Basis	<u><u>(\$623,253)</u></u>

**Note 4 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$2,358,331 of the School District's bank balance of \$2,558,331 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

### **Investments**

Investments are reported at fair value. As of June 30, 2007, the School District had the following investments:

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

	<u>Fair Value</u>	<u>Maturity</u>
Federal Home Loan Mortgage Corporation Bonds	\$3,476,655	March 19, 2010
Federal Home Loan Mortgage Corporation Discount Notes	1,478,556	December 11, 2007
Federal Home Loan Bank Bonds	2,992,284	September 12, 2008
Fannie Mae Note	2,388,959	October 3, 2008
Fannie Mae Discount Note	4,918,578	February 1, 2008
STAROhio	10,130,317	Average 38.6 days
Total	<u>\$25,385,349</u>	

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

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Corporation Bonds, the Federal Home Loan Mortgage Corporation Discount Notes, the Federal Home Loan Bank Bonds, the Fannie Mae Note and the Fannie Mae Discount Note are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

**Concentration of Credit Risk** The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2007:

<u>Investment</u>	<u>Percentage of Investments</u>
Federal Home Loan Mortgage Corporation Bonds	13.70 %
Federal Home Loan Mortgage Corporation Discount Notes	5.82
Federal Home Loan Bank Bonds	11.79
Fannie Mae Note	9.41
Fannie Mae Discount Note	19.38
STAROhio	39.90

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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**Note 5 – Fund Deficits**

Fund balances at June 30, 2007, included the following individual fund deficits:

<b><i>Special Revenue Funds:</i></b>	
Class Size Reduction Grant	\$1,692
<b><i>Capital Projects Funds:</i></b>	
Building	363,375

The class size reduction grant special revenue fund’s deficit resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

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

**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value listed as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however this year the settlement was late.

The School District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the late settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2007 was \$3,499,791 in the general fund, \$304,820 in the bond retirement debt service fund, and \$112,896 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2006 was \$2,819,764 in the general fund, \$265,181 in the bond retirement debt service fund, and \$88,394 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$931,920,590	95.22 %	\$1,049,162,790	96.20 %
Public Utility Personal	17,260,620	1.76	17,952,160	1.65
Tangible Personal Property	29,503,890	3.02	23,533,932	2.15
Total	<u>\$978,685,100</u>	<u>100.00 %</u>	<u>\$1,090,648,882</u>	<u>100.00 %</u>
Full tax rate per \$1,000 of assessed valuation	\$61.00		\$59.80	

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2007

**Note 7 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 06/30/06	Additions	Deductions	Balance 06/30/07
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$478,111	\$0	\$0	\$478,111
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	1,708,442	0	0	1,708,442
Buildings and Improvements	39,854,975	179,030	0	40,034,005
Furniture and Equipment	5,990,055	245,521	(334,960)	5,900,616
Vehicles	3,696,896	379,298	(176,374)	3,899,820
<b><i>Total Capital Assets being Depreciated</i></b>	<b><u>51,250,368</u></b>	<b><u>803,849</u></b>	<b><u>(511,334)</u></b>	<b><u>51,542,883</u></b>
Less Accumulated Depreciation:				
Land Improvements	(1,127,529)	(63,703)	0	(1,191,232)
Buildings and Improvements	(16,944,523)	(906,947)	0	(17,851,470)
Furniture and Equipment	(4,174,931)	(444,515)	330,205	(4,289,241)
Vehicles	(2,196,838)	(286,697)	165,813	(2,317,722)
<b><i>Total Accumulated Depreciation</i></b>	<b><u>(24,443,821)</u></b>	<b><u>(1,701,862) *</u></b>	<b><u>496,018</u></b>	<b><u>(25,649,665)</u></b>
<b><i>Total Assets being Depreciated, Net</i></b>	<b><u>26,806,547</u></b>	<b><u>(898,013)</u></b>	<b><u>(15,316)</u></b>	<b><u>25,893,218</u></b>
<b><i>Governmental Activities</i></b>				
<b><i>Capital Assets, Net</i></b>	<b><u>\$27,284,658</u></b>	<b><u>(\$898,013)</u></b>	<b><u>(\$15,316)</u></b>	<b><u>\$26,371,329</u></b>

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

Instruction:	
Regular	\$608,426
Special	97,734
Vocational	11,911
Support Services:	
Pupil	49,001
Instructional Staff	140,796
Administration	202,752
Fiscal	3,873
Business	953
Operation and Maintenance of Plant	143,467
Pupil Transportation	265,913
Central	16,328
Operation of Non-Instructional Services	42,559
Operation of Food Service	78,121
Extracurricular Activities	40,028
<b>Total Depreciation Expense</b>	<b><u>\$1,701,862</u></b>

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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**Note 8 - Receivables**

Receivables at June 30, 2007, consisted of taxes, tuition, rentals and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables, except delinquent property taxes, are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivable</u>	<u>Amount</u>
Title VI-B Grant	\$46,358
Food Service	21,214
Tuition	17,263
Immigrant Education Grant	994
Total	<u>\$85,829</u>

**Note 9 - Pension Plans**

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

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$658,698, \$624,228 and \$582,269, respectively; 52.24 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

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

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

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$2,602,354, \$2,434,952, and \$2,300,094, respectively; 82.45 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$27,257 made by the School District and \$89,936 made by the plan members.

### **Note 10 - Postemployment Benefits**

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2007*

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contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$200,181 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$328,116.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care at June 30, 2006, (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive benefits.

## **Note 11 - Other Employee Benefits**

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

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

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

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

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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**Note 12 – Interfund Transaction**

***A. Interfund Transfers***

The general fund made a \$40,000 transfer to the athletics and music special revenue fund to help provide funding for fiscal year 2007.

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

***B. Interfund Balance***

On the fund financial statements the general fund reported an interfund receivable at June 30, 2007 of \$758. The immigrant education special revenue fund had an interfund payable of \$758. The loan to the immigrant education special revenue fund was made to provide temporary funding of the program until the grant dollars are received.

The debt service fund reported an interfund receivable at June 30, 2007 of \$362,000. The building capital projects fund had an interfund payable of \$362,000. The interfund transaction between the debt service fund and the building capital projects fund is a manuscript note. The manuscript note was issued by the School District and purchased by the building capital projects fund as an investment. The manuscript note will be paid on May 22, 2008.

**Note 13 - Long-Term Obligations**

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

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

Changes in long-term obligations of the School District during fiscal year 2007 were as follows:

	Principal Outstanding 6/30/06	Additions	Deductions	Principal Outstanding 6/30/07	Amounts Due in One Year
<b>General Obligation Bonds</b>					
1993 School Improvement Refunding Bonds					
Current Interest Term Bonds	\$2,040,000	\$0	\$650,000	\$1,390,000	\$685,000
1994 School Improvement Bonds					
Capital Appreciation Bonds	810,715	0	0	810,715	296,594
Accretion on Capital Appreciation Bonds	1,646,431	238,586	0	1,885,017	0
Current Interest Term Bonds	1,025,000	0	1,025,000	0	0
<b>Total 1994 School Improvement Bonds</b>	<b>3,482,146</b>	<b>238,586</b>	<b>1,025,000</b>	<b>2,695,732</b>	<b>296,594</b>
2005 School Improvement Refunding Bonds					
Current Interest Serial Bonds	13,740,000	0	255,000	13,485,000	260,000
Capital Appreciation Bonds	279,974	0	0	279,974	0
Accretion on Capital Appreciation Bonds	175,280	205,161	0	380,441	0
Unamortized Loss	(1,745,174)	0	(140,551)	(1,604,623)	0
Unamortized Premium	1,926,753	0	155,175	1,771,578	0
<b>Total 2005 School Improvement Refunding Bonds</b>	<b>14,376,833</b>	<b>205,161</b>	<b>269,624</b>	<b>14,312,370</b>	<b>260,000</b>
<b>Total General Obligation Bonds</b>	<b>19,898,979</b>	<b>443,747</b>	<b>1,944,624</b>	<b>18,398,102</b>	<b>1,241,594</b>
<b>Other Long-Term Obligations</b>					
Compensated Absences	2,777,372	250,911	142,534	2,885,749	230,514
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$22,676,351</b>	<b>\$694,658</b>	<b>\$2,087,158</b>	<b>\$21,283,851</b>	<b>\$1,472,108</b>

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

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

At June 30, 2007 the full amount of the serial and capital appreciation bonds had been retired by the School District through annual debt service repayments

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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The current issue term bonds remained outstanding at June 30, 2007. The current issue term bonds will be repaid through annual debt service repayments during fiscal years 2008 through 2009.

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

At June 30, 2007 the full amount of the serial and current interest term bonds had been retired by the School District through annual debt service repayments.

The capital appreciation bonds remained outstanding at June 30, 2007. The capital appreciation bonds were originally sold at a discount of \$2,254,285, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2008 through 2010.

The maturity amount of outstanding capital appreciation bonds at June 30, 2007 is \$3,065,000. The accretion recorded for 2007 was \$238,586, for a total outstanding bond liability of \$2,695,732 at June 30, 2007.

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

The serial and capital appreciation bonds remained outstanding at June 30, 2007. The capital appreciation bonds were originally sold at a discount of \$2,480,026, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2011 through 2012.

The maturity amount of outstanding capital appreciation bonds at June 30, 2007 is \$2,760,000. The accretion recorded for 2007 was \$205,161, for a total outstanding bond liability of \$660,415 at June 30, 2007.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

The School District's overall debt margin was \$83,252,410 with an unvoted debt margin of \$1,063,017 at June 30, 2007. Principal and interest requirements to retire the general obligation bonds follow:

	General Obligation Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$685,000	\$59,184	\$260,000	\$538,088	\$296,594	\$728,406
2009	705,000	19,916	270,000	530,138	268,984	751,016
2010	0	0	280,000	521,888	245,137	774,863
2011	0	0	0	517,688	165,697	1,214,303
2012	0	0	0	517,688	114,277	1,265,723
2013-2017	0	0	7,415,000	1,910,744	0	0
2018-2020	0	0	5,260,000	321,200	0	0
<b>Total</b>	<b>\$1,390,000</b>	<b>\$79,100</b>	<b>\$13,485,000</b>	<b>\$4,857,434</b>	<b>\$1,090,689</b>	<b>\$4,734,311</b>

In 2005, the School District defeased a 1994 school improvement bond issue, in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2007, \$13,330,000 of the defeased bonds are still outstanding.

**Note 14 - Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the School District contracted with various insurance companies through the Ohio Schools Council Association insurance program. The following is a summary of the School District's insurance coverage as of June 30, 2007:

Company	Coverage	Amount
Travelers Insurance Company	Boiler and Machinery	\$30,000,000
Indiana Insurance Company	Buildings and Contents - replacement costs	92,763,137
	Inland Marine Coverage	3,746,976
	Crime Insurance	250,000
	Automobile Liability	1,000,000
	Uninsured Motorists	50,000
	General Liability	
	Per occurrence	1,000,000
Total per year	3,000,000	

**North Royalton City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2007*

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

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

***B. Employee Health Benefits***

For fiscal 2007, the School District was a participant in the Suburban Health Consortium (the “Consortium”) to provide employee health, dental and prescription drug benefits. The Consortium is administered by Medical Mutual. Payments are made to the Consortium for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal agent of the Consortium is the North Royalton City School District. The Treasurer of the North Royalton City School District pays monthly for the actual amount of claims processed, the stop-loss premium and the administrative charges. The entire risk of loss transfers to the Consortium upon payment of the premiums.

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

	Board Share of Premium			
	Select Plan		Classic Plan	
	Family	Single	Family	Single
Medical	\$727.81	\$291.12	\$932.63	\$373.05
Prescription Drug	213.73	85.49	255.67	102.26
Dental	100.48	43.06	96.62	41.40

***C. Self-Insurance***

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

The claims liability of \$11,371 reported in the internal service fund at June 30, 2007 is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 30 “Risk Financing Omnibus”, which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund’s claims liability amount in 2006 and 2007 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2006	\$9,686	\$117,464	\$111,633	\$15,517
2007	15,517	116,193	120,339	11,371

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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### ***D. Workers' Compensation***

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

### **Note 15 - Jointly Governed Organizations**

***Lakeshore Northeast Ohio Computer Association*** – The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau owned and operated by eleven public school districts. The primary function of LNOCA is to provide data services to the thirteen member districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the LNOCA Board of Directors by its superintendent. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Director. The School District paid \$110,260 for fiscal year 2007. Each school district supports LNOCA based upon a per student charge dependent upon the software package used. The Cuyahoga County Education Service Center serves as the fiscal agent of LNOCA. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valleyview, OH 44125.

***Cuyahoga Valley Career Center*** - The Cuyahoga Valley Career Center is a joint vocational school which is a jointly governed organization among eleven school districts. Each participating school district appoints one board member to the Cuyahoga Valley Career Center's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Cuyahoga Valley Career Center is limited to representation on the board. Continued existence of the Cuyahoga Valley Career Center is not dependent on the School District's continued participation. The School District made no contribution for fiscal year 2007. Financial information can be obtained from the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio 44101.

***Ohio Schools Council Association*** - The Ohio Schools' Council Association (Council) is a jointly governed organization among one hundred nine 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 nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2007, the School District paid \$6,303 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10 Independence, Ohio 44131.

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

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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

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

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

### **Note 16 - Contingencies**

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

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

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

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

### **Note 17 – Shared Risk Pool**

The Suburban Health Consortium ("the Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors is the governing body of the Consortium. The Board of Education of each Consortium Member appoints its Superintendent or such Superintendent's designee to be its representative on the Board of Directors. The officers of the Board of Directors consist of a Chairman, Vice-Chairman and Recording Secretary, who are elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors. The Board of Directors also sets all premiums and other amounts to be paid by the Consortium

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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Members, and the Board of Directors has the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

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

Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal. Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. The Consortium's financial statements for the period October 1 through September 30 are independently audited. Financial information for the Consortium can be obtained from the Treasurer of the North Royalton City School District (the Fiscal Agent) at 6579 Royalton Road, North Royalton, Ohio 44133.

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

### **Note 18 - Set-Aside Calculations**

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2006	(\$712,377)	\$0
Current Year Set-aside Requirement	677,481	677,481
Qualifying Disbursements	<u>(789,516)</u>	<u>(952,837)</u>
Totals	<u>(\$824,412)</u>	<u>(\$275,356)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$824,412)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2007	<u>\$0</u>	<u>\$0</u>

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

# Combining and Individual Fund Statements and Schedules

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2007*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$596,574	\$516,995	\$1,113,569
Property Taxes Receivable	0	1,007,131	1,007,131
Intergovernmental Receivable	68,566	0	68,566
Inventory Held for Resale	10,901	0	10,901
<i>Total Assets</i>	<u>\$676,041</u>	<u>\$1,524,126</u>	<u>\$2,200,167</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$34,639	\$107,070	\$141,709
Accrued Wages and Benefits	50,686	0	50,686
Interfund Payable	758	362,000	362,758
Intergovernmental Payable	49,594	0	49,594
Matured Compensated Absences Payable	4,805	0	4,805
Deferred Revenue	0	893,824	893,824
Accrued Interest Payable	0	1,431	1,431
<i>Total Liabilities</i>	<u>140,482</u>	<u>1,364,325</u>	<u>1,504,807</u>
 <b>Fund Balances</b>			
Reserved for Encumbrances	154,643	383,552	538,195
Reserved for Property Taxes	0	112,896	112,896
Unreserved, Undesignated Reported in:			
Special Revenue Funds	380,916	0	380,916
Capital Projects Funds (Deficit)	0	(336,647)	(336,647)
<i>Total Fund Balances</i>	<u>535,559</u>	<u>159,801</u>	<u>695,360</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$676,041</u>	<u>\$1,524,126</u>	<u>\$2,200,167</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2007*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$0	\$937,309	\$937,309
Intergovernmental	2,037,307	154,506	2,191,813
Interest	17,531	0	17,531
Tuition and Fees	37,811	0	37,811
Extracurricular Activities	192,669	0	192,669
Contributions and Donations	109,405	0	109,405
Charges for Services	1,240,255	0	1,240,255
Rentals	0	2,475	2,475
Miscellaneous	9,654	19,250	28,904
<i>Total Revenues</i>	<u>3,644,632</u>	<u>1,113,540</u>	<u>4,758,172</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	219,107	0	219,107
Special	113,751	0	113,751
Support Services:			
Pupil	59,898	0	59,898
Instructional Staff	844,287	0	844,287
Administration	30,711	0	30,711
Fiscal	9,387	0	9,387
Operation and Maintenance of Plant	37,357	0	37,357
Operation of Non-Instructional Services	688,426	0	688,426
Operation of Food Services	1,299,759	0	1,299,759
Extracurricular Activities	268,274	0	268,274
Capital Outlay	14,366	1,232,728	1,247,094
Debt Service:			
Interest and Fiscal Charges	0	17,236	17,236
<i>Total Expenditures</i>	<u>3,585,323</u>	<u>1,249,964</u>	<u>4,835,287</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	59,309	(136,424)	(77,115)
<b>Other Financing Sources</b>			
Transfers In	40,000	107,000	147,000
<i>Net Change in Fund Balances</i>	99,309	(29,424)	69,885
<i>Fund Balances Beginning of Year</i>	<u>436,250</u>	<u>189,225</u>	<u>625,475</u>
<i>Fund Balances End of Year</i>	<u>\$535,559</u>	<u>\$159,801</u>	<u>\$695,360</u>

**North Royalton City School District**

*Combining Balance Sheet*

*Nonmajor Special Revenue Funds*

*June 30, 2007*

	<u>Food Service</u>	<u>Scholarship</u>	<u>Adult Education</u>	<u>Public School Support</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$126,422	\$2,200	\$67,338	\$84,923
Intergovernmental Receivable	21,214	0	0	0
Inventory Held for Resale	<u>10,901</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$158,537</u></u>	<u><u>\$2,200</u></u>	<u><u>\$67,338</u></u>	<u><u>\$84,923</u></u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$152	\$0	\$0	\$2,873
Accrued Wages and Benefits	34,466	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	23,595	0	172	0
Matured Compensated Absences Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>58,213</u>	<u>0</u>	<u>172</u>	<u>2,873</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	92	0	0	3,725
Unreserved, Undesignated (Deficit)	<u>100,232</u>	<u>2,200</u>	<u>67,166</u>	<u>78,325</u>
<i>Total Fund Balances (Deficit)</i>	<u>100,324</u>	<u>2,200</u>	<u>67,166</u>	<u>82,050</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$158,537</u></u>	<u><u>\$2,200</u></u>	<u><u>\$67,338</u></u>	<u><u>\$84,923</u></u>

<u>Local Grants</u>	<u>Athletics and Music</u>	<u>Auxiliary Services</u>	<u>Educational Management Information Systems</u>	<u>Network Connectivity</u>
\$33,736	\$64,387	\$147,657	\$6,157	\$4,988
0	0	0	0	0
0	0	0	0	0
<u>\$33,736</u>	<u>\$64,387</u>	<u>\$147,657</u>	<u>\$6,157</u>	<u>\$4,988</u>
\$0	\$6,468	\$19,757	\$0	\$415
0	0	0	0	0
0	0	0	0	0
0	5,092	112	0	0
0	0	0	0	0
<u>0</u>	<u>11,560</u>	<u>19,869</u>	<u>0</u>	<u>415</u>
7,360	9,603	127,716	0	0
<u>26,376</u>	<u>43,224</u>	<u>72</u>	<u>6,157</u>	<u>4,573</u>
<u>33,736</u>	<u>52,827</u>	<u>127,788</u>	<u>6,157</u>	<u>4,573</u>
<u>\$33,736</u>	<u>\$64,387</u>	<u>\$147,657</u>	<u>\$6,157</u>	<u>\$4,988</u>

(continued)

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2007*

	<u>SchoolNet Professional Development</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Immigrant Education</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$107	\$4,962	\$44,502	\$111
Intergovernmental Receivable	0	0	46,358	994
Inventory Held for Resale	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$107</u></u>	<u><u>\$4,962</u></u>	<u><u>\$90,860</u></u>	<u><u>\$1,105</u></u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$4,148	\$0
Accrued Wages and Benefits	0	0	9,897	0
Interfund Payable	0	0	0	758
Intergovernmental Payable	0	0	18,846	0
Matured Compensated Absences Payable	<u>0</u>	<u>0</u>	<u>4,805</u>	<u>0</u>
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>37,696</u>	<u>758</u>
 <b>Fund Balances</b>				
Reserved for Encumbrances	0	0	6,147	0
Unreserved, Undesignated (Deficit)	<u>107</u>	<u>4,962</u>	<u>47,017</u>	<u>347</u>
<i>Total Fund Balances (Deficit)</i>	<u>107</u>	<u>4,962</u>	<u>53,164</u>	<u>347</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$107</u></u>	<u><u>\$4,962</u></u>	<u><u>\$90,860</u></u>	<u><u>\$1,105</u></u>

<u>Title V</u>	<u>Drug Free Schools Grant</u>	<u>Preschool Grant</u>	<u>Class Size Reduction Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$827	\$1,099	\$880	\$6,278	\$596,574
0	0	0	0	68,566
0	0	0	0	10,901
<u>\$827</u>	<u>\$1,099</u>	<u>\$880</u>	<u>\$6,278</u>	<u>\$676,041</u>
\$430	\$0	\$0	\$396	\$34,639
0	0	0	6,323	50,686
0	0	0	0	758
0	0	526	1,251	49,594
0	0	0	0	4,805
<u>430</u>	<u>0</u>	<u>526</u>	<u>7,970</u>	<u>140,482</u>
0	0	0	0	154,643
397	1,099	354	(1,692)	380,916
<u>397</u>	<u>1,099</u>	<u>354</u>	<u>(1,692)</u>	<u>535,559</u>
<u>\$827</u>	<u>\$1,099</u>	<u>\$880</u>	<u>\$6,278</u>	<u>\$676,041</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2007*

	Food Service	Scholarship	Adult Education	Public School Support	Local Grants
<b>Revenues</b>					
Intergovernmental	\$150,194	\$0	\$0	\$0	\$0
Interest	8,884	0	0	0	0
Tuition and Fees	0	0	21,784	14,991	0
Extracurricular Activities	0	0	0	0	0
Contributions and Donations	0	2,000	0	24,953	55,056
Charges for Services	1,171,835	0	0	68,420	0
Miscellaneous	0	0	5,439	4,215	0
<i>Total Revenues</i>	<u>1,330,913</u>	<u>2,000</u>	<u>27,223</u>	<u>112,579</u>	<u>55,056</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	0	22,896	79,316	0
Special	0	0	0	0	0
Support Services:					
Pupil	0	0	0	0	0
Instructional Staff	0	0	0	0	0
Administration	0	0	0	0	0
Fiscal	0	0	0	0	0
Operation and Maintenance of Plant	10,161	0	0	0	27,196
Operation of Non-Instructional Services	0	2,500	0	0	0
Operation of Food Services	1,299,759	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Capital Outlay	0	0	0	0	14,366
<i>Total Expenditures</i>	<u>1,309,920</u>	<u>2,500</u>	<u>22,896</u>	<u>79,316</u>	<u>41,562</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	20,993	(500)	4,327	33,263	13,494
<b>Other Financing Sources</b>					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	20,993	(500)	4,327	33,263	13,494
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>79,331</u>	<u>2,700</u>	<u>62,839</u>	<u>48,787</u>	<u>20,242</u>
<i>Fund Balances (Deficit)</i> <i>End of Year</i>	<u>\$100,324</u>	<u>\$2,200</u>	<u>\$67,166</u>	<u>\$82,050</u>	<u>\$33,736</u>

<u>Athletics and Music</u>	<u>Auxiliary Services</u>	<u>Educational Management Information Systems</u>	<u>Entry Year Program</u>	<u>Network Connectivity</u>	<u>SchoolNet Professional Development</u>
\$0	\$665,497	\$15,385	\$12,200	\$18,000	\$3,300
110	8,537	0	0	0	0
1,036	0	0	0	0	0
192,669	0	0	0	0	0
27,396	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>221,211</u>	<u>674,034</u>	<u>15,385</u>	<u>12,200</u>	<u>18,000</u>	<u>3,300</u>
0	0	0	12,200	13,427	3,818
0	0	0	0	0	0
0	0	9,387	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	9,387	0	0	0
0	0	0	0	0	0
0	648,272	0	0	0	0
0	0	0	0	0	0
268,274	0	0	0	0	0
0	0	0	0	0	0
<u>268,274</u>	<u>648,272</u>	<u>18,774</u>	<u>12,200</u>	<u>13,427</u>	<u>3,818</u>
(47,063)	25,762	(3,389)	0	4,573	(518)
<u>40,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(7,063)	25,762	(3,389)	0	4,573	(518)
<u>59,890</u>	<u>102,026</u>	<u>9,546</u>	<u>0</u>	<u>0</u>	<u>625</u>
<u>\$52,827</u>	<u>\$127,788</u>	<u>\$6,157</u>	<u>\$0</u>	<u>\$4,573</u>	<u>\$107</u>

(continued)

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Fiscal Year Ended June 30, 2007*

	Ohio Reads Grant	Miscellaneous State Grants	Title VI-B	Immigrant Education	Title V
<b>Revenues</b>					
Intergovernmental	\$8,000	\$30,538	\$999,809	\$23,817	\$8,138
Interest	0	0	0	0	0
Tuition and Fees	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Charges for Services	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>8,000</u>	<u>30,538</u>	<u>999,809</u>	<u>23,817</u>	<u>8,138</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	8,000	0	852	20,433	8,267
Special	0	0	113,751	0	0
Support Services:					
Pupil	0	28,538	21,973	0	0
Instructional Staff	0	0	789,494	2,719	0
Administration	0	0	30,711	0	0
Fiscal	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Operation of Non-Instructional Services	0	0	34,304	0	1,330
Operation of Food Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
<i>Total Expenditures</i>	<u>8,000</u>	<u>28,538</u>	<u>991,085</u>	<u>23,152</u>	<u>9,597</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	2,000	8,724	665	(1,459)
<b>Other Financing Sources</b>					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	0	2,000	8,724	665	(1,459)
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>0</u>	<u>2,962</u>	<u>44,440</u>	<u>(318)</u>	<u>1,856</u>
<i>Fund Balances (Deficit)</i>					
<i>End of Year</i>	<u>\$0</u>	<u>\$4,962</u>	<u>\$53,164</u>	<u>\$347</u>	<u>\$397</u>

Drug Free Schools Grant	Preschool Grant	Class Size Reduction Grant	Total Nonmajor Special Revenue Funds
\$1,849	\$21,856	\$78,724	\$2,037,307
0	0	0	17,531
0	0	0	37,811
0	0	0	192,669
0	0	0	109,405
0	0	0	1,240,255
0	0	0	9,654
<u>1,849</u>	<u>21,856</u>	<u>78,724</u>	<u>3,644,632</u>
900	711	48,287	219,107
0	0	0	113,751
0	0	0	59,898
0	21,955	30,119	844,287
0	0	0	30,711
0	0	0	9,387
0	0	0	37,357
916	0	1,104	688,426
0	0	0	1,299,759
0	0	0	268,274
0	0	0	14,366
<u>1,816</u>	<u>22,666</u>	<u>79,510</u>	<u>3,585,323</u>
33	(810)	(786)	59,309
0	0	0	40,000
33	(810)	(786)	99,309
<u>1,066</u>	<u>1,164</u>	<u>(906)</u>	<u>436,250</u>
<u>\$1,099</u>	<u>\$354</u>	<u>(\$1,692)</u>	<u>\$535,559</u>

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*June 30, 2007*

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$516,939	\$56	\$516,995
Property Taxes Receivable	1,007,131	0	1,007,131
<i>Total Assets</i>	<u>\$1,524,070</u>	<u>\$56</u>	<u>\$1,524,126</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$107,070	\$0	\$107,070
Interfund Payable	0	362,000	362,000
Deferred Revenue	893,824	0	893,824
Accrued Interest Payable	0	1,431	1,431
<i>Total Liabilities</i>	<u>1,000,894</u>	<u>363,431</u>	<u>1,364,325</u>
 <b>Fund Balances</b>			
Reserved for Encumbrances	383,552	0	383,552
Reserved for Property Taxes	112,896	0	112,896
Unreserved, Undesignated (Deficit)	26,728	(363,375)	(336,647)
<i>Total Fund Balances (Deficit)</i>	<u>523,176</u>	<u>(363,375)</u>	<u>159,801</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,524,070</u>	<u>\$56</u>	<u>\$1,524,126</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Fiscal Year Ended June 30, 2007*

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
<b>Revenues</b>			
Property Taxes	\$937,309	\$0	\$937,309
Intergovernmental	136,918	17,588	154,506
Rentals	2,475	0	2,475
Miscellaneous	19,250	0	19,250
<i>Total Revenues</i>	<u>1,095,952</u>	<u>17,588</u>	<u>1,113,540</u>
<b>Expenditures</b>			
Capital Outlay	1,232,728	0	1,232,728
Debt Service:			
Interest and Fiscal Charges	<u>0</u>	<u>17,236</u>	<u>17,236</u>
<i>Total Expenditures</i>	<u>1,232,728</u>	<u>17,236</u>	<u>1,249,964</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(136,776)	352	(136,424)
<b>Other Financing Sources</b>			
Transfers In	<u>0</u>	<u>107,000</u>	<u>107,000</u>
<i>Net Change in Fund Balances</i>	(136,776)	107,352	(29,424)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>659,952</u>	<u>(470,727)</u>	<u>189,225</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$523,176</u></u>	<u><u>(\$363,375)</u></u>	<u><u>\$159,801</u></u>

## Combining Statements - Fiduciary Funds

### *Agency Funds*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the School District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results or operations. A description of the School District's agency funds follows:

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

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

**North Royalton City School District**  
*Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
For the Fiscal Year Ended June 30, 2007

	Beginning Balance 6/30/06	Additions	Deductions	Ending Balance 6/30/07
<b><i>Student Activities</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$259,480	\$703,442	\$729,355	\$233,567
<b>Liabilities</b>				
Due to Students	\$259,480	\$703,442	\$729,355	\$233,567
 <b><i>Suburban Health Insurance Consortium</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$10,509,744	\$47,484,616	\$41,779,605	\$16,214,755
<b>Liabilities</b>				
Undistributed Monies	\$10,509,744	\$47,484,616	\$41,779,605	\$16,214,755
 <b><i>Total Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$10,769,224	\$48,188,058	\$42,508,960	\$16,448,322
<b>Liabilities</b>				
Due to Students	\$259,480	\$703,442	\$729,355	\$233,567
Undistributed Monies	10,509,744	47,484,616	41,779,605	16,214,755
<b><i>Total Liabilities</i></b>	<b>\$10,769,224</b>	<b>\$48,188,058</b>	<b>\$42,508,960</b>	<b>\$16,448,322</b>

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

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$29,825,003	\$29,188,181	\$29,188,181	\$0
Intergovernmental	9,555,471	9,351,443	9,351,443	0
Interest	813,030	778,959	795,670	16,711
Tuition and Fees	350,735	343,246	343,246	0
Extracurricular Activities	23,469	22,968	22,968	0
Contributions and Donations	204	200	200	0
Rentals	57,392	56,167	56,167	0
Miscellaneous	76,021	74,398	74,398	0
<i>Total Revenues</i>	40,701,325	39,815,562	39,832,273	16,711
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	13,907,415	13,907,415	13,812,241	95,174
Fringe Benefits	4,229,355	4,229,355	4,204,771	24,584
Purchased Services	216,410	216,410	216,410	0
Materials and Supplies	836,312	836,312	700,508	135,804
Capital Outlay - New	101,415	101,415	88,768	12,647
Other	1,226	1,226	1,226	0
Total Regular	19,292,133	19,292,133	19,023,924	268,209
Special:				
Salaries and Wages	2,518,582	2,518,582	2,476,433	42,149
Fringe Benefits	636,522	636,522	629,419	7,103
Purchased Services	1,463,076	1,463,076	1,395,549	67,527
Materials and Supplies	45,650	45,650	35,922	9,728
Capital Outlay - New	78,510	78,510	73,781	4,729
Other	20,368	20,368	20,368	0
Total Special	4,762,708	4,762,708	4,631,472	131,236
Vocational:				
Salaries and Wages	109,900	109,900	109,360	540
Fringe Benefits	42,833	42,833	42,446	387
Materials and Supplies	11,150	11,150	10,668	482
Capital Outlay - New	31,495	31,495	31,341	154
Total Vocational	195,378	195,378	193,815	1,563
Total Instruction	\$24,250,219	\$24,250,219	\$23,849,211	\$401,008

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupil:				
Salaries and Wages	\$1,428,330	\$1,428,330	\$1,387,074	\$41,256
Fringe Benefits	490,965	490,965	487,562	3,403
Purchased Services	382,945	382,945	357,759	25,186
Materials and Supplies	19,900	19,900	19,900	0
Other	415	415	415	0
Total Pupil	2,322,555	2,322,555	2,252,710	69,845
Instructional Staff:				
Salaries and Wages	1,441,653	1,441,653	1,427,023	14,630
Fringe Benefits	648,682	648,682	646,188	2,494
Purchased Services	35,332	35,332	34,383	949
Materials and Supplies	43,009	43,009	40,385	2,624
Other	2,000	2,000	1,179	821
Total Instructional Staff	2,170,676	2,170,676	2,149,158	21,518
Board of Education:				
Salaries and Wages	20,530	20,530	20,530	0
Fringe Benefits	298	298	298	0
Purchased Services	9,675	9,675	8,009	1,666
Materials and Supplies	500	500	35	465
Other	7,189	7,189	7,189	0
Total Board of Education	38,192	38,192	36,061	2,131
Administration:				
Salaries and Wages	1,759,077	1,759,077	1,757,652	1,425
Fringe Benefits	883,830	883,830	883,479	351
Purchased Services	296,533	296,533	290,411	6,122
Materials and Supplies	39,549	39,549	36,929	2,620
Capital Outlay - New	10,755	10,755	10,755	0
Capital Outlay - Replacement	995	995	995	0
Other	26,893	26,893	24,361	2,532
Total Administration	\$3,017,632	\$3,017,632	\$3,004,582	\$13,050

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fiscal:				
Salaries and Wages	\$316,494	\$316,494	\$315,688	\$806
Fringe Benefits	134,823	134,823	133,179	1,644
Purchased Services	13,031	13,031	12,442	589
Materials and Supplies	7,500	7,500	5,936	1,564
Other	437,870	437,870	437,220	650
Total Fiscal	909,718	909,718	904,465	5,253
Business:				
Salaries and Wages	191,993	191,993	190,279	1,714
Fringe Benefits	99,777	99,777	99,649	128
Purchased Services	5,030	5,030	4,628	402
Materials and Supplies	1,192	1,192	649	543
Capital Outlay - New	185	185	185	0
Other	2,356	2,356	356	2,000
Total Business	300,533	300,533	295,746	4,787
Operation and Maintenance of Plant:				
Salaries and Wages	1,609,701	1,609,701	1,558,477	51,224
Fringe Benefits	719,317	719,317	710,395	8,922
Purchased Services	1,189,647	1,189,647	1,066,453	123,194
Materials and Supplies	301,279	301,279	273,191	28,088
Other	3,500	3,500	3,179	321
Total Operation and Maintenance of Plant	3,823,444	3,823,444	3,611,695	211,749
Pupil Transportation:				
Salaries and Wages	1,327,582	1,327,582	1,287,605	39,977
Fringe Benefits	494,127	494,127	477,689	16,438
Purchased Services	688,138	688,138	682,488	5,650
Materials and Supplies	509,510	509,510	507,547	1,963
Capital Outlay - New	29,376	29,376	28,953	423
Capital Outlay - Replacement	2,666	2,666	2,666	0
Total Pupil Transportation	\$3,051,399	\$3,051,399	\$2,986,948	\$64,451

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Central:				
Salaries and Wages	\$191,000	\$191,000	\$190,354	\$646
Fringe Benefits	43,623	43,623	43,460	163
Purchased Services	234,686	234,686	234,271	415
Materials and Supplies	32,544	32,544	32,544	0
Capital Outlay - New	21,400	21,400	20,657	743
Total Central	523,253	523,253	521,286	1,967
Total Support Services	16,157,402	16,157,402	15,762,651	394,751
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	31,000	31,000	30,315	685
Fringe Benefits	11,818	11,818	11,689	129
Purchased Services	34,000	34,000	30,549	3,451
Materials and Supplies	347	347	347	0
Total Operation of Non-Instructional Services	77,165	77,165	72,900	4,265
Extracurricular Activities:				
Academic Oriented Activities:				
Salaries and Wages	179,056	179,056	165,260	13,796
Fringe Benefits	6,900	6,900	6,657	243
Total Academic Oriented Activities	185,956	185,956	171,917	14,039
Sport Oriented Activities:				
Salaries and Wages	480,378	480,378	463,473	16,905
Fringe Benefits	23,093	23,093	22,257	836
Purchased Services	23,709	23,709	23,709	0
Total Sport Oriented Activities	527,180	527,180	509,439	17,741
Total Extracurricular Activities	713,136	713,136	681,356	31,780
Total Expenditures	41,197,922	41,197,922	40,366,118	831,804
Excess of Revenues Under Expenditures	(\$496,597)	(\$1,382,360)	(\$533,845)	\$848,515

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	\$4,087	\$4,000	\$4,000	\$0
Advances In	136,821	133,900	133,900	0
Advances Out	(250,000)	(250,000)	(80,308)	169,692
Transfers Out	(147,000)	(147,000)	(147,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(256,092)</u>	<u>(259,100)</u>	<u>(89,408)</u>	<u>169,692</u>
<i>Net Change in Fund Balance</i>	(752,689)	(1,641,460)	(623,253)	1,018,207
<i>Fund Balance Beginning of Year</i>	6,186,668	6,186,668	6,186,668	0
Prior Year Encumbrances Appropriated	<u>605,947</u>	<u>605,947</u>	<u>605,947</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,039,926</u></u>	<u><u>\$5,151,155</u></u>	<u><u>\$6,169,362</u></u>	<u><u>\$1,018,207</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$2,598,740	\$2,598,740	\$0
Intergovernmental	292,435	292,435	0
<i>Total Revenues</i>	<u>2,891,175</u>	<u>2,891,175</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Fiscal:			
Other	45,000	33,743	11,257
Debt Service:			
Principal Retirement	2,399,000	2,399,000	0
Interest and Fiscal Charges	743,000	694,251	48,749
Total Debt Service	<u>3,142,000</u>	<u>3,093,251</u>	<u>48,749</u>
<i>Total Expenditures</i>	<u>3,187,000</u>	<u>3,126,994</u>	<u>60,006</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(295,825)</u>	<u>(235,819)</u>	<u>60,006</u>
<b>Other Financing Sources</b>			
General Obligation Notes Issued	362,000	362,000	0
Transfers In	107,000	107,000	0
<i>Total Other Financing Sources</i>	<u>469,000</u>	<u>469,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	173,175	233,181	60,006
<i>Fund Balance Beginning of Year</i>	<u>3,007,486</u>	<u>3,007,486</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,180,661</u></u>	<u><u>\$3,240,667</u></u>	<u><u>\$60,006</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$157,234	\$157,234	\$0
Interest	8,202	8,884	682
Charges for Services	1,171,835	1,171,835	0
<i>Total Revenues</i>	<u>1,337,271</u>	<u>1,337,953</u>	<u>682</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	13,969	10,991	2,978
Operation of Food Services:			
Salaries and Wages	472,764	456,295	16,469
Fringe Benefits	237,127	221,368	15,759
Purchased Services	8,128	4,843	3,285
Materials and Supplies	660,430	602,403	58,027
Capital Outlay - New	6,976	6,976	0
Capital Outlay - Replacement	5,795	5,795	0
Operation of Food Services	<u>1,391,220</u>	<u>1,297,680</u>	<u>93,540</u>
<i>Total Expenditures</i>	<u>1,405,189</u>	<u>1,308,671</u>	<u>96,518</u>
<i>Net Change in Fund Balance</i>	(67,918)	29,282	97,200
<i>Fund Balance Beginning of Year</i>	91,857	91,857	0
Prior Year Encumbrances Appropriated	<u>5,189</u>	<u>5,189</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$29,128</u>	<u>\$126,328</u>	<u>\$97,200</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Scholarship Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Contributions and Donations	\$2,000	\$2,000	\$0
<b>Expenditures</b>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	4,700	2,500	2,200
<i>Net Change in Fund Balance</i>	(2,700)	(500)	2,200
<i>Fund Balance Beginning of Year</i>	2,200	2,200	0
Prior Year Encumbrances Appropriated	500	500	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$2,200</u>	<u>\$2,200</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Adult Education Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Tuition and Fees	\$21,784	\$21,784	\$0
Miscellaneous	5,439	5,439	0
<i>Total Revenues</i>	<u>27,223</u>	<u>27,223</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	28,000	21,532	6,468
Fringe Benefits	4,000	284	3,716
Materials and Supplies	18,048	1,088	16,960
<i>Total Expenditures</i>	<u>50,048</u>	<u>22,904</u>	<u>27,144</u>
<i>Net Change in Fund Balance</i>	(22,825)	4,319	27,144
<i>Fund Balance Beginning of Year</i>	62,971	62,971	0
Prior Year Encumbrances Appropriated	48	48	0
<i>Fund Balance End of Year</i>	<u>\$40,194</u>	<u>\$67,338</u>	<u>\$27,144</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Public School Support Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Tuition and Fees	\$14,991	\$14,991	\$0
Contributions and Donations	24,953	24,953	0
Charges for Services	68,420	68,420	0
Miscellaneous	4,215	4,215	0
<i>Total Revenues</i>	<u>112,579</u>	<u>112,579</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	25,499	25,499	0
Capital Outlay - New	2,312	2,312	0
Other	76,769	56,825	19,944
<i>Total Expenditures</i>	<u>104,580</u>	<u>84,636</u>	<u>19,944</u>
<i>Net Change in Fund Balance</i>	7,999	27,943	19,944
<i>Fund Balance Beginning of Year</i>	45,800	45,800	0
Prior Year Encumbrances Appropriated	4,582	4,582	0
<i>Fund Balance End of Year</i>	<u>\$58,381</u>	<u>\$78,325</u>	<u>\$19,944</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Local Grants Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Contributions and Donations	\$55,056	\$55,056	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	5,000	0	5,000
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	7,058	7,058	0
Materials and Supplies	26,623	16,766	9,857
Capital Outlay - New	16,689	7,170	9,519
Total Support Services	50,370	30,994	19,376
Capital Outlay:			
Site Improvement Services:			
Capital Outlay - New	19,716	19,716	0
<i>Total Expenditures</i>	75,086	50,710	24,376
<i>Net Change in Fund Balance</i>	(20,030)	4,346	24,376
<i>Fund Balance Beginning of Year</i>	16,944	16,944	0
Prior Year Encumbrances Appropriated	5,086	5,086	0
<i>Fund Balance End of Year</i>	\$2,000	\$26,376	\$24,376

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Athletics and Music Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Interest	\$0	\$110	\$110
Tuition and Fees	1,036	1,036	0
Extracurricular Activities	191,711	192,669	958
Contributions and Donations	27,396	27,396	0
<i>Total Revenues</i>	<u>220,143</u>	<u>221,211</u>	<u>1,068</u>
<b>Expenditures</b>			
Current:			
Extracurricular Activities:			
Academic Oriented Activities:			
Materials and Supplies	475	475	0
Other	70	70	0
Total Academic Oriented Activities	<u>545</u>	<u>545</u>	<u>0</u>
Occupation Oriented Activities			
Purchased Services	1,000	0	1,000
Materials and Supplies	6,523	6,523	0
Capital Outlay - New	319	319	0
Other	6,773	1,773	5,000
Total Occupation Oriented Activities	<u>14,615</u>	<u>8,615</u>	<u>6,000</u>
Sport Oriented Activities:			
Purchased Services	42,694	41,694	1,000
Materials and Supplies	80,472	68,389	12,083
Capital Outlay - New	17,499	12,499	5,000
Other	152,152	142,153	9,999
Total Sport Oriented Activities	<u>292,817</u>	<u>264,735</u>	<u>28,082</u>
School and Public Service			
Co-curricular Activities:			
Materials and Supplies	400	400	0
Other	86	86	0
Total School and Public Service Co-curricular Activities	<u>486</u>	<u>486</u>	<u>0</u>
<i>Total Expenditures</i>	<u>308,463</u>	<u>274,381</u>	<u>34,082</u>
<i>Excess of Revenues Under Expenditures</i>	(88,320)	(53,170)	35,150
<b>Other Financing Sources</b>			
Transfers In	40,000	40,000	0
<i>Net Change in Fund Balance</i>	(48,320)	(13,170)	35,150
<i>Fund Balance Beginning of Year</i>	55,314	55,314	0
Prior Year Encumbrances Appropriated	8,459	8,459	0
<i>Fund Balance End of Year</i>	<u>\$15,453</u>	<u>\$50,603</u>	<u>\$35,150</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Auxiliary Services Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$665,497	\$665,497	\$0
Interest	8,450	8,537	87
<i>Total Revenues</i>	<u>673,947</u>	<u>674,034</u>	<u>87</u>
<b>Expenditures</b>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	19,500	19,403	97
Fringe Benefits	3,074	3,074	0
Purchased Services	349,877	349,877	0
Materials and Supplies	259,975	259,975	0
Capital Outlay - New	186,112	186,112	0
Other	65	65	0
<i>Total Expenditures</i>	<u>818,603</u>	<u>818,506</u>	<u>97</u>
<i>Net Change in Fund Balance</i>	(144,656)	(144,472)	184
<i>Fund Balance Beginning of Year</i>	88,637	88,637	0
Prior Year Encumbrances Appropriated	<u>56,019</u>	<u>56,019</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$184</u>	<u>\$184</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Educational Management Information Systems Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$15,385	\$15,385	\$0
<b>Expenditures</b>			
Current:			
Support Services:			
Pupil:			
Purchased Services	15,544	9,387	6,157
Fiscal:			
Purchased Services	9,387	9,387	0
<i>Total Expenditures</i>	24,931	18,774	6,157
<i>Net Change in Fund Balance</i>	(9,546)	(3,389)	6,157
<i>Fund Balance Beginning of Year</i>	9,546	9,546	0
<i>Fund Balance End of Year</i>	\$0	\$6,157	\$6,157

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Entry Year Program Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$12,200	\$12,200	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	12,200	12,200	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Network Connectivity Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$18,000	\$18,000	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	18,000	13,012	4,988
<i>Net Change in Fund Balance</i>	0	4,988	4,988
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$4,988	\$4,988

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*SchoolNet Professional Development Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$3,300	\$3,300	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	1,174	1,174	0
Fringe Benefits	301	194	107
Purchased Services	2,450	2,450	0
<i>Total Expenditures</i>	3,925	3,818	107
<i>Net Change in Fund Balance</i>	(625)	(518)	107
<i>Fund Balance Beginning of Year</i>	45	45	0
Prior Year Encumbrances Appropriated	580	580	0
<i>Fund Balance End of Year</i>	\$0	\$107	\$107

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Ohio Reads Grant Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$8,000	\$8,000	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	4,000	4,000	0
Purchased Services	4,000	4,000	0
<i>Total Expenditures</i>	8,000	8,000	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Miscellaneous State Grants Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$59,442	\$59,442	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	783	31	752
Materials and Supplies	11,658	3,320	8,338
Total Instruction	12,441	3,351	9,090
Support Services:			
Pupil:			
Purchased Services	24,338	24,338	0
Materials and Supplies	4,200	4,200	0
Total Pupil	28,538	28,538	0
Instructional Staff:			
Purchased Services	3,372	0	3,372
Materials and Supplies	22	0	22
Total Instructional Staff	3,394	0	3,394
Total Support Services	31,932	28,538	3,394
<i>Total Expenditures</i>	44,373	31,889	12,484
<i>Excess of Revenues Over Expenditures</i>	15,069	27,553	12,484
<b>Other Financing Uses</b>			
Advances Out	(35,478)	(43,000)	(7,522)
<i>Net Change in Fund Balance</i>	(20,409)	(15,447)	4,962
<i>Fund Balance Beginning of Year</i>	17,058	17,058	0
Prior Year Encumbrances Appropriated	3,351	3,351	0
<i>Fund Balance End of Year</i>	\$0	\$4,962	\$4,962

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$953,451	\$953,451	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	852	852	0
Special:			
Salaries and Wages	52,948	49,394	3,554
Fringe Benefits	19,351	17,378	1,973
Purchased Services	13,600	12,331	1,269
Materials and Supplies	18,220	18,167	53
Capital Outlay - New	20,743	20,743	0
Total Special	124,862	118,013	6,849
Total Instruction	125,714	118,865	6,849
Support Services:			
Pupil:			
Salaries and Wages	18,731	18,731	0
Fringe Benefits	3,242	3,242	0
Total Pupil	21,973	21,973	0
Instructional Staff:			
Salaries and Wages	482,381	454,522	27,859
Fringe Benefits	269,194	245,840	23,354
Purchased Services	96,585	88,557	8,028
Total Instructional Staff	848,160	788,919	59,241
Administration:			
Salaries and Wages	37,457	23,232	14,225
Fringe Benefits	6,782	6,530	252
Total Administration	44,239	29,762	14,477
Total Support Services	\$914,372	\$840,654	\$73,718

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Fund (continued)*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	\$26,061	\$26,061	\$0
Fringe Benefits	8,061	8,061	0
Total Operation of Non-Instructional Services	34,122	34,122	0
<i>Total Expenditures</i>	1,074,208	993,641	80,567
<i>Excess of Revenues Under Expenditures</i>	(120,757)	(40,190)	80,567
<b>Other Financing Sources (Uses)</b>			
Advances In	59,300	59,300	0
Advances Out	0	(59,300)	(59,300)
<i>Total Other Financing Sources (Uses)</i>	59,300	0	(59,300)
<i>Net Change in Fund Balance</i>	(61,457)	(40,190)	21,267
<i>Fund Balance Beginning of Year</i>	23,781	23,781	0
Prior Year Encumbrances Appropriated	50,616	50,616	0
<i>Fund Balance End of Year</i>	\$12,940	\$34,207	\$21,267

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Immigrant Education Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$24,705	\$24,705	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	8,311	8,311	0
Fringe Benefits	1,361	1,283	78
Materials and Supplies	11,128	10,839	289
Capital Outlay - New	3,084	2,858	226
Total Instruction	23,884	23,291	593
Support Services:			
Instructional Staff:			
Salaries and Wages	250	250	0
Fringe Benefits	39	39	0
Purchased Services	2,430	2,430	0
Total Support Services	2,719	2,719	0
<i>Total Expenditures</i>	26,603	26,010	593
<i>Excess of Revenues Under Expenditures</i>	(1,898)	(1,305)	593
<b>Other Financing Sources (Uses)</b>			
Advances In	1,308	1,308	0
Advances Out	(2,268)	(2,750)	(482)
<i>Total Other Financing Sources (Uses)</i>	(960)	(1,442)	(482)
<i>Net Change in Fund Balance</i>	(2,858)	(2,747)	111
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	2,858	2,858	0
<i>Fund Balance End of Year</i>	\$0	\$111	\$111

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title V Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$11,006	\$11,006	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	1,259	0	1,259
Fringe Benefits	217	0	217
Materials and Supplies	8,893	8,267	626
Total Instruction	10,369	8,267	2,102
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,544	1,330	214
Materials and Supplies	231	0	231
Total Operation of Non-Instructional Services	1,775	1,330	445
<i>Total Expenditures</i>	12,144	9,597	2,547
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,138)	1,409	2,547
<b>Other Financing Sources (Uses)</b>			
Advances In	1,100	1,100	0
Advances Out	0	(2,150)	(2,150)
<i>Total Other Financing Sources (Uses)</i>	1,100	(1,050)	(2,150)
<i>Net Change in Fund Balance</i>	(38)	359	397
<i>Fund Balance Beginning of Year</i>	38	38	0
<i>Fund Balance End of Year</i>	\$0	\$397	\$397

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Drug Free Schools Grant Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$4,087	\$4,087	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	700	700	0
Materials and Supplies	470	200	270
Total Instruction	1,170	900	270
Support Services:			
Pupil:			
Salaries and Wages	1,899	0	1,899
Fringe Benefits	305	0	305
Total Pupil	2,204	0	2,204
Instructional Staff:			
Purchased Services	523	0	523
Total Support Services	2,727	0	2,727
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	518	518	0
Materials and Supplies	900	398	502
Total Operation of Non-Instructional Services	1,418	916	502
<i>Total Expenditures</i>	5,315	1,816	3,499
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,228)	2,271	3,499
<b>Other Financing Uses</b>			
Advances Out	0	(2,400)	(2,400)
<i>Net Change in Fund Balance</i>	(1,228)	(129)	1,099
<i>Fund Balance Beginning of Year</i>	10	10	0
Prior Year Encumbrances Appropriated	1,218	1,218	0
<i>Fund Balance End of Year</i>	\$0	\$1,099	\$1,099

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Preschool Grant Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$21,856	\$21,856	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	1,292	1,244	48
Support Services:			
Instructional Staff:			
Salaries and Wages	18,976	15,982	2,994
Fringe Benefits	6,198	5,960	238
Total Support Services	25,174	21,942	3,232
<i>Total Expenditures</i>	26,466	23,186	3,280
<i>Excess of Revenues Under Expenditures</i>	(4,610)	(1,330)	3,280
<b>Other Financing Sources (Uses)</b>			
Advances In	2,400	2,400	0
Advances Out	0	(2,400)	(2,400)
<i>Total Other Financing Sources (Uses)</i>	2,400	0	(2,400)
<i>Net Change in Fund Balance</i>	(2,210)	(1,330)	880
<i>Fund Balance Beginning of Year</i>	937	937	0
Prior Year Encumbrances Appropriated	1,273	1,273	0
<i>Fund Balance End of Year</i>	\$0	\$880	\$880

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Class Size Reduction Grant Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$89,424	\$89,424	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	48,993	40,865	8,128
Fringe Benefits	8,294	6,287	2,007
Total Instruction	57,287	47,152	10,135
Support Services:			
Instructional Staff:			
Salaries and Wages	8,664	8,348	316
Fringe Benefits	1,464	1,272	192
Purchased Services	20,264	20,120	144
Materials and Supplies	416	379	37
Total Support Services	30,808	30,119	689
Operation of Non-Instructional Services:			
Community Services:			
Materials and Supplies	1,500	1,500	0
<i>Total Expenditures</i>	89,595	78,771	10,824
<i>Excess of Revenues Over (Under) Expenditures</i>	(171)	10,653	10,824
<b>Other Financing Sources (Uses)</b>			
Advances In	16,200	16,200	0
Advances Out	(16,958)	(21,900)	(4,942)
<i>Total Other Financing Sources (Uses)</i>	(758)	(5,700)	(4,942)
<i>Net Change in Fund Balance</i>	(929)	4,953	5,882
<i>Fund Balance Beginning of Year</i>	29	29	0
Prior Year Encumbrances Appropriated	900	900	0
<i>Fund Balance End of Year</i>	\$0	\$5,882	\$5,882

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$915,771	\$915,771	\$0
Intergovernmental	136,918	136,918	0
Rentals	2,475	2,475	0
Miscellaneous	19,250	19,250	0
<i>Total Revenues</i>	<u>1,074,414</u>	<u>1,074,414</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	1,315	1,315	0
Capital Outlay - New	52,585	52,584	1
Capital Outlay - Replacement	36,635	36,635	0
Total Instruction	<u>90,535</u>	<u>90,534</u>	<u>1</u>
Support Services:			
Administration:			
Purchased Services	19,920	19,920	0
Capital Outlay - New	9,324	9,324	0
Total Administration	<u>29,244</u>	<u>29,244</u>	<u>0</u>
Fiscal:			
Other	11,894	11,894	0
Operation and Maintenance of Plant:			
Purchased Services	139,642	139,641	1
Materials and Supplies	400	400	0
Capital Outlay - New	86,470	86,470	0
Capital Outlay - Replacement	89,020	89,020	0
Total Operation and Maintenance of Plant	<u>315,532</u>	<u>315,531</u>	<u>1</u>
Pupil Transportation:			
Capital Outlay - New	116,373	116,373	0
Capital Outlay - Replacement	147,458	147,458	0
Total Pupil Transportation	<u>263,831</u>	<u>263,831</u>	<u>0</u>
Total Support Services	<u>\$620,501</u>	<u>\$620,500</u>	<u>\$1</u>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund (continued)*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital Outlay:			
Site Acquisition Services:			
Purchased Services	\$84,735	\$84,735	\$0
Capital Outlay - New	13,190	13,190	0
Capital Outlay - Replacement	102,308	102,308	0
Total Site Acquisition Services	200,233	200,233	0
Building Improvement Services:			
Purchased Services	37,718	37,718	0
Capital Outlay - New	28,314	28,314	0
Capital Outlay - Replacement	686,362	685,659	703
Total Building Improvement Services	752,394	751,691	703
Total Capital Outlay	952,627	951,924	703
<i>Total Expenditures</i>	1,663,663	1,662,958	705
<i>Net Change in Fund Balance</i>	(589,249)	(588,544)	705
<i>Fund Balance Beginning of Year</i>	253,199	253,199	0
Prior Year Encumbrances Appropriated	361,662	361,662	0
<i>Fund Balance End of Year</i>	\$25,612	\$26,317	\$705

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Building Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	56	56	0
<i>Fund Balance End of Year</i>	<u>\$56</u>	<u>\$56</u>	<u>\$0</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*SchoolNet Plus Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Capital Outlay - New	348	348	0
<i>Net Change in Fund Balance</i>	(348)	(348)	0
<i>Fund Balance Beginning of Year</i>	348	348	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Self Insurance Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$152,923	\$152,923	\$0
<b>Expenses</b>			
Purchased Services	23,910	23,910	0
Claims	136,090	120,339	15,751
<i>Total Expenses</i>	160,000	144,249	15,751
<i>Net Change in Fund Equity</i>	(7,077)	8,674	15,751
<i>Fund Equity Beginning of Year</i>	148,476	148,476	0
<i>Fund Equity End of Year</i>	\$141,399	\$157,150	\$15,751

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## Statistical Section

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

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

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

**North Royalton City School District**

*Net Assets by Component*

*Last Five Fiscal Years*

*(accrual basis of accounting)*

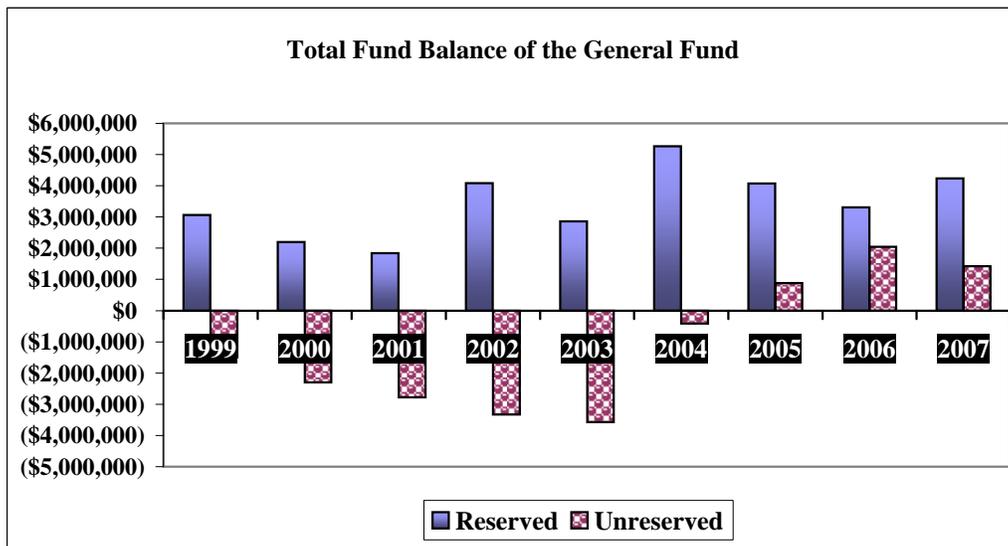
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Invested in Capital Assets, Net of Related Debt	\$5,676,183	\$8,008,290	\$7,984,585	\$9,387,547	\$10,404,332
Restricted for:					
Capital Projects	351,756	470,886	694,252	253,191	243,059
Debt Service	2,262,835	2,704,713	3,149,780	3,328,432	3,472,628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

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

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

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

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



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

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

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

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

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

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

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

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

Collection Year	Real Property			Estimated Actual Value	Tangible
	Assessed Value				General
	Residential/ Agricultural	Commercial/ Industrial	Total		Assessed Value
1998	\$477,937,360	\$91,951,740	\$569,889,100	\$1,628,254,571	\$21,442,254
1999	506,178,520	99,080,010	605,258,530	1,729,310,086	21,230,513
2000	531,317,510	97,965,850	629,283,360	1,797,952,457	24,721,996
2001	605,963,050	118,372,750	724,335,800	2,069,530,857	26,445,510
2002	625,785,930	121,542,850	747,328,780	2,135,225,086	30,539,440
2003	651,970,300	127,003,500	778,973,800	2,225,639,429	30,116,086
2004	714,571,850	136,287,030	850,858,880	2,431,025,371	28,710,170
2005	750,490,800	138,749,800	889,240,600	2,540,687,429	25,647,714
2006	790,921,970	140,998,620	931,920,590	2,662,630,257	29,503,890
2007	892,068,420	157,094,370	1,049,162,790	2,997,607,971	23,533,932

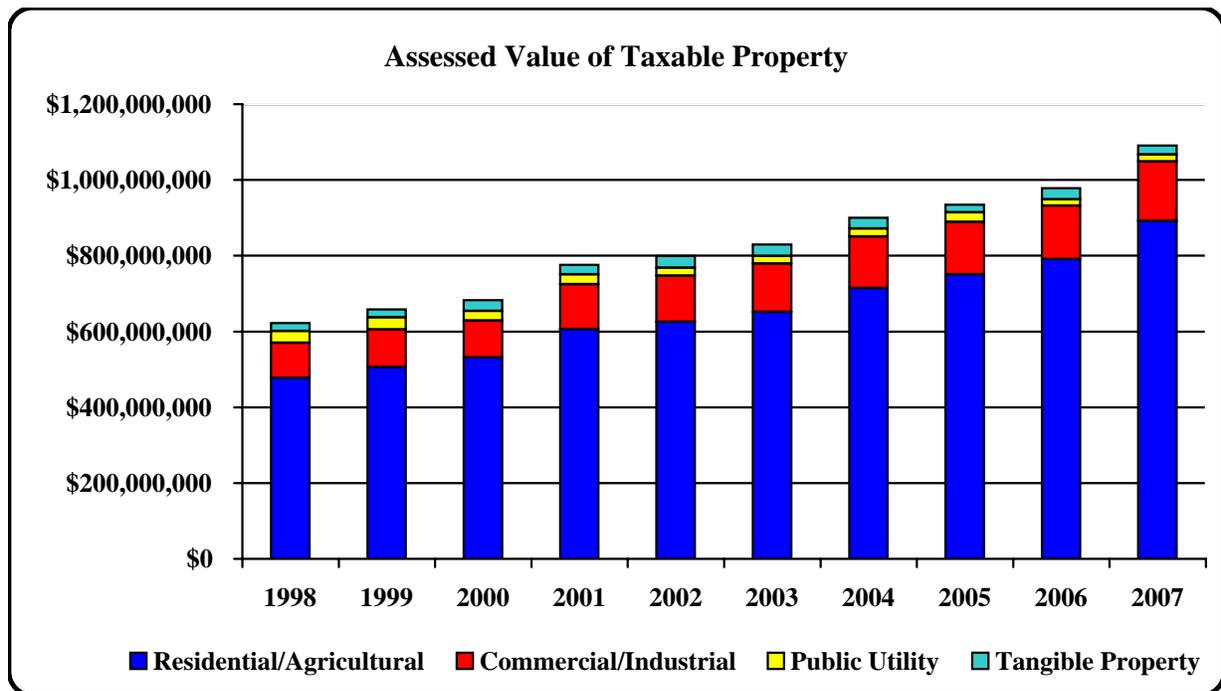
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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

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

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

Personal Property Business	Tangible Personal Property Public Utility		Total		
Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Weighted Average Tax Rate
\$85,769,016	\$31,264,190	\$35,527,489	\$622,595,544	\$1,749,551,076	\$39.12488
84,922,052	31,814,060	36,152,341	658,303,103	1,850,384,479	38.32250
98,887,984	28,486,370	32,370,875	682,491,726	1,929,211,316	37.55684
105,782,040	25,459,179	28,930,885	776,240,489	2,204,243,782	35.27836
122,157,760	21,240,630	24,137,079	799,108,850	2,281,519,925	34.72641
120,464,344	20,709,590	23,533,625	829,799,476	2,369,637,398	39.93739
124,826,826	20,459,520	23,249,455	900,028,570	2,579,101,652	38.37126
111,511,800	19,944,270	22,663,943	934,832,584	2,674,863,172	37.82423
157,354,080	17,260,620	19,614,341	978,685,100	2,839,598,678	37.11332
188,271,456	17,952,160	20,400,182	1,090,648,882	3,206,279,609	35.65467



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

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

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

(continued)

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

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

(1) Information prior to 1999 is not available.

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

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

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

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

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

**Source:** Ohio Department of Taxation

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

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

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1997	\$22,649,597	\$22,236,039	98.17%	\$396,780	\$22,632,819	99.93%
1998	24,343,994	23,872,162	98.06	383,286	24,255,448	99.64
1999	25,670,639	24,888,533	96.95	515,750	25,404,283	98.96
2000	27,405,644	25,952,337	94.70	485,133	26,437,470	96.47
2001	27,755,925	26,898,677	96.91	600,751	27,499,428	99.08
2002	28,751,361	27,596,484	95.98	784,292	28,380,776	98.71
2003	36,339,103	32,846,659	90.39	1,015,315	33,861,974	93.18
2004	36,868,413	34,061,837	92.39	886,993	34,948,830	94.79
2005	37,663,289	35,455,548	94.14	900,530	36,356,078	96.53
2006	38,967,809	35,586,595	91.32	697,313	36,283,908	93.11

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) The 2007 information cannot be presented because all collections have not been made by June 30, 2007.
- (3) The County does not maintain delinquency information by tax year.

**North Royalton City School District**

*Principal Taxpayers*

*Real Estate Tax*

*2007 and 1998*

Name of Taxpayer	2007	
	Assessed Value	Percent of Real Property Assessed Value
Spruce Lake, LTD	\$8,055,540	0.77%
JVM Royal Oaks Apartments	6,557,600	0.63
MCI Telecommunications	6,126,470	0.58
JVM Dover Farms Apartments	5,651,460	0.54
Hampton Club Company	4,138,050	0.39
Deer Creek Apt. LTD	3,559,050	0.34
I & J Associates, LTD	3,539,870	0.34
Oak Brook Gardens	3,351,330	0.32
Pine Forest Apartments	3,202,500	0.31
Shadow Creek Enterprises, LTD	2,819,540	0.26
<b>Total</b>	<b>\$47,001,410</b>	<b>4.48%</b>
<b>Total Assessed Valuation</b>	<b>\$1,049,162,790</b>	
Name of Taxpayer	1998	
	Assessed Value	Percent of Real Property Assessed Value
Royal Oaks	\$6,097,000	1.07%
M & J - Dover Farms Apartments	4,025,000	0.71
Gary Gross - Walnut Hills Apartments	3,640,000	0.64
MCI Telecommunications	3,591,000	0.63
City of North Royalton	3,586,280	0.63
Harley Gross - Deer Creek Apartments	3,558,100	0.62
Oak Brook Garden Apartments	3,541,720	0.62
Pine Forest Apartments	3,312,400	0.58
Somerset West Development Co.	2,730,000	0.48
Timber Ridge Investments	2,333,100	0.41
<b>Total</b>	<b>\$36,414,600</b>	<b>6.39%</b>
<b>Total Assessed Valuation</b>	<b>\$569,889,100</b>	

Source: Office of the Auditor, Cuyahoga County, Ohio

**North Royalton City School District**

*Principal Taxpayers*

*Tangible Personal Property Tax*

*2007 and 1998*

Name of Taxpayer	2007	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
MCI EDS Capital Asset	\$4,164,050	17.69%
Praxair Distribution, Inc.	1,715,430	7.29
H & D Steel Service, Inc.	1,114,940	4.74
EDS Information Services, LLC	1,010,660	4.29
Riser Foods Company	928,090	3.94
Valley Tool & Die, Inc.	589,170	2.50
WideOpenWest Cleveland LLC	495,840	2.10
Stevens Painton Corporation	446,380	1.90
Krenz Krist Machine, Inc.	415,600	1.77
Builders Excavating, Inc.	363,550	1.55
<b>Total</b>	<b>\$11,243,710</b>	<b>47.77%</b>
<b>Total Assessed Valuation</b>	<b>\$23,533,932</b>	
Name of Taxpayer	1998	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
H & D Steel Service, Inc.	\$1,328,060	6.19%
Discount Drug Mart	761,830	3.55
Riser Foods Co.	651,800	3.04
Krenz Krist Machine, Inc.	638,970	2.98
Valley Tool & Die, Inc.	452,310	2.11
Royal Wire Products, Inc.	382,150	1.78
Transport Services, Inc.	377,330	1.76
Stevens Painton Corp.	369,550	1.72
CNC Sales & Applications	317,650	1.48
Midwest Precision Products	306,540	1.44
<b>Total</b>	<b>\$5,586,190</b>	<b>26.05%</b>
<b>Total Assessed Valuation</b>	<b>\$21,442,254</b>	

Source: Office of the Auditor, Cuyahoga County, Ohio

**North Royalton City School District**

*Principal Taxpayers*

*Public Utilities Tax*

*2007 and 1998*

Name of Taxpayer	2007	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$10,124,710	56.40%
Ohio Bell Telephone Company	2,575,210	14.34
Columbia Gas of Ohio, Inc.	1,497,530	8.34
<b>Total</b>	<b>\$14,197,450</b>	<b>79.08%</b>
<b>Total Public Utility Valuation</b>	<b>\$17,952,160</b>	
Name of Taxpayer	1998	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$14,340,990	45.87%
Ameritech	6,508,620	20.82
Columbia Gas of Ohio, Inc.	4,848,690	15.51
<b>Total</b>	<b>\$25,698,300</b>	<b>82.20%</b>
<b>Total Public Utility Valuation</b>	<b>\$31,264,190</b>	

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

**North Royalton City School District**

*Computation of Direct and Overlapping*

*Governmental Activities Debt*

*December 31, 2006*

	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount of Direct and Overlapping Debt</u>
Direct:			
North Royalton City School District General Obligation Bonds	<u>\$18,398,102</u>	100.00%	<u>\$18,398,102</u>
Overlapping:			
City of North Royalton			
General Obligation Bonds	5,724,129	98.56	5,641,702
Special Assessment Bonds	1,512,876	98.56	1,491,091
Capital Lease Obligations	172,407	98.56	169,924
Police and Fire Pension	130,490	98.56	128,611
Notes Payable	1,300,000	98.56	1,281,280
OPWC Loans	496,014	98.56	488,871
City of Broadview Heights			
General Obligation Bonds	6,287,067	18.38	1,155,563
Special Assessment Bonds	3,864,682	18.38	710,329
OWDA Loans	3,246,599	18.38	596,725
Revolving Loan	466,110	18.38	85,671
Capital Lease Obligations	39,998	18.38	7,352
Cuyahoga County			
General Obligation Bonds	208,194,000	3.05	6,349,917
Revenue Bonds	106,016,000	3.05	3,233,488
Capital Lease Obligations	29,485,000	3.05	899,293
Loans Payable	7,574,000	3.05	231,007
Regional Transit Authority			
General Obligation Bonds	156,500,000	3.05	4,773,250
SIB Loan	<u>4,580,196</u>	3.05	<u>139,696</u>
Total Overlapping	<u>535,589,568</u>		<u>27,383,770</u>
Total	<u>\$553,987,670</u>		<u>\$45,781,872</u>

Source: Office of the Auditor, Cuyahoga County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2006 collection year.

**North Royalton City School District**  
*Ratio of General Obligation Bonded Debt*  
*to Estimated Actual Value, Personal Income and Debt per Capita*  
*Last Nine Fiscal Years (1)*

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

(1) Information prior to 1999 is not available

(2) The personal income can be found on S22

(3) The population can be found S22

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

**North Royalton City School District**  
*Computation of Legal Debt Margin*  
*Last Nine Fiscal Years (1)*

	1999	2000	2001
Assessed Valuation	\$658,303,103	\$682,491,726	\$776,240,489
Debt Limit - 9% of Assessed Value (3)	\$59,247,279	\$61,424,255	\$69,861,644
Amount of Debt Outstanding			
General Obligation Bonds	26,270,709	25,035,709	26,268,522
Less Amount Available in Debt Service	(1,514,584)	(1,914,221)	(2,142,384)
Amount of Debt Subject to Limit	24,756,125	23,121,488	24,126,138
Overall Debt Margin	\$34,491,154	\$38,302,767	\$45,735,506
Legal Debt Margin as a Percentage of Debt Limit	58.22%	62.36%	65.47%
Unvoted Legal Debt Limit - .10% of Assessed Value (1)	\$658,303	\$682,492	\$776,240
Amount of Debt Subject to Limit	0	0	0
Unvoted Debt Margin	\$658,303	\$682,492	\$776,240
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%

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

- (1) Information prior to 1999 is not available.
- (2) HB530 changed the assessed valuation utilized in the legal debt margin calculation to exclude general business tangible personal property as well as railroad and telephone tangible property.
- (3) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

2002	2003	2004	2005	2006 (2)	2007 (2)
<u>\$799,108,850</u>	<u>\$829,799,476</u>	<u>\$900,028,570</u>	<u>\$934,832,584</u>	<u>\$945,027,390</u>	<u>\$1,063,016,700</u>
\$71,919,797	\$74,681,953	\$81,002,571	\$84,134,933	\$85,052,465	\$95,671,503
24,235,000 (2,535,911)	21,657,123 (2,388,460)	20,571,066 (2,782,034)	19,454,079 (3,130,487)	17,895,689 (3,282,793)	15,965,689 (3,546,596)
<u>21,699,089</u>	<u>19,268,663</u>	<u>17,789,032</u>	<u>16,323,592</u>	<u>14,612,896</u>	<u>12,419,093</u>
<u>\$50,220,708</u>	<u>\$55,413,290</u>	<u>\$63,213,539</u>	<u>\$67,811,341</u>	<u>\$70,439,569</u>	<u>\$83,252,410</u>
69.83%	74.20%	78.04%	80.60%	82.82%	87.02%
\$799,109	\$829,799	\$900,029	\$934,833	\$945,027	\$1,063,017
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$799,109</u>	<u>\$829,799</u>	<u>\$900,029</u>	<u>\$934,833</u>	<u>\$945,027</u>	<u>\$1,063,017</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

Source: 2000 U.S. Census Bureau

- 1) Information prior to 2000 not available
- 2) Information includes only the City of North Royalton.

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

**North Royalton City School District**  
*Principal Employers*  
*December 31, 2006 and December 31, 2005 (1)*

2006			
Employer	City	Nature of Business or Activity	Number of Employees
North Royalton City School District	North Royalton	Public Education	575
Patrician Inc.	North Royalton	Nursing Home	299
City of North Royalton	North Royalton	Government	254
Riser Foods Company	North Royalton	Grocery Store	185
Northeast Care Center Inc.	North Royalton	Residential/Habilitative Services for the Disabled	169
Commercial Drivers	North Royalton	Transportation	150
Valley Tool & Die Inc.	North Royalton	Machining Fasteners	75
Krenz Krist	North Royalton	Metal Fabricators	64
Royal Wire Products Inc.	North Royalton	Wire Products	50
Seneca Tape and Label Incorporated	North Royalton	Tape and Label Services	40
Total			1,861
Total Employment within the School District			n/a

2005			
Employer	City	Nature of Business or Activity	Number of Employees
North Royalton City School District	North Royalton	Public Education	561
Patrician Inc.	North Royalton	Nursing Home	372
City of North Royalton	North Royalton	Government	250
Riser Foods Company	North Royalton	Grocery Store	185
Northeast Care Center Inc.	North Royalton	Residential/Habilitative Services for the Disabled	190
Commercial Drivers	North Royalton	Transportation	150
Valley Tool & Die Inc.	North Royalton	Machining Fasteners	73
Krenz Krist	North Royalton	Metal Fabricators	58
Royal Wire Products Inc.	North Royalton	Wire Products	50
Seneca Tape and Label Incorporated	North Royalton	Tape and Label Services	40
Total			1,929
Total Employment within the School District			n/a

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

(1) Information prior to 2005 not available.

n/a - Information not available

**North Royalton City School District**

*Building Statistics by Function/Program*

*Last Four Fiscal Years (1)*

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

(continued)

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

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

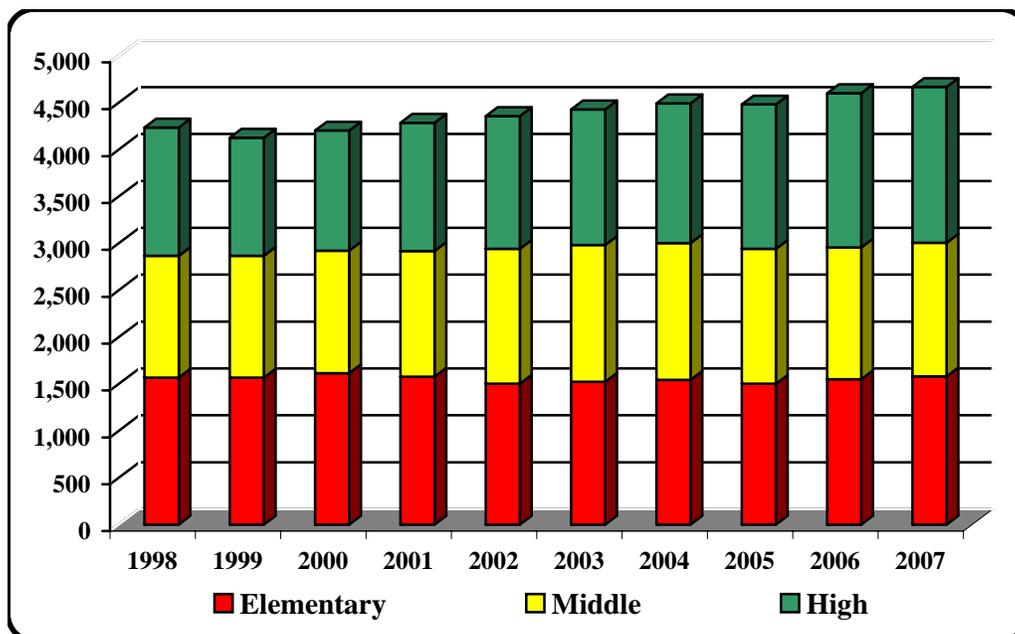
(1) Information prior to 2004 is not available.

## North Royalton City School District

### *Enrollment Statistics*

### *Last Ten Fiscal Years*

Fiscal Year	Elementary Schools	Middle School	High School	Total
1998	1,568	1,297	1,369	4,234
1999	1,567	1,299	1,258	4,124
2000	1,614	1,308	1,280	4,202
2001	1,577	1,341	1,367	4,285
2002	1,503	1,437	1,417	4,357
2003	1,524	1,459	1,445	4,428
2004	1,543	1,460	1,488	4,491
2005	1,501	1,438	1,541	4,480
2006	1,551	1,404	1,644	4,599
2007	1,581	1,425	1,660	4,666



Source: North Royalton City School Records

**North Royalton City School District**

*Per Pupil Cost*

*Last Nine Fiscal Years (1)*

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<u>Fiscal Year</u>	<u>Student Enrollment</u>		<u>General Governmental</u>	
	<u>Average Enrollment</u>	<u>Percentage of Change</u>	<u>Total Expenditures (2)</u>	<u>Per Pupil Cost</u>
1999	4,124	(2.78) %	\$27,373,355	\$6,638
2000	4,202	1.89	29,949,241	7,127
2001	4,285	1.98	31,921,671	7,450
2002	4,357	1.68	34,978,226	8,028
2003	4,428	1.63	35,301,382	7,972
2004	4,491	1.42	38,102,218	8,484
2005	4,480	(0.24)	41,194,900	9,195
2006	4,599	2.66	42,264,021	9,190
2007	4,666	1.46	44,943,823	9,632

(1) Information prior to 1999 is not available.

(2) Debt Service totals have been excluded.

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

Governmental Activities		Food Service Operations	
Total Expenses (2)(3)	Per Pupil Cost	Number of Students Receiving Free or Reduced Lunch	Percentage of Free or Reduced Lunches to Total Enrollment
N/A	N/A	323	7.83%
N/A	N/A	283	6.73
N/A	N/A	290	6.77
N/A	N/A	275	6.31
\$36,357,072	\$8,211	303	6.84
38,249,947	8,517	377	8.39
41,768,390	9,323	394	8.79
43,196,390	9,393	429	9.33
45,939,730	9,846	433	9.28

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

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

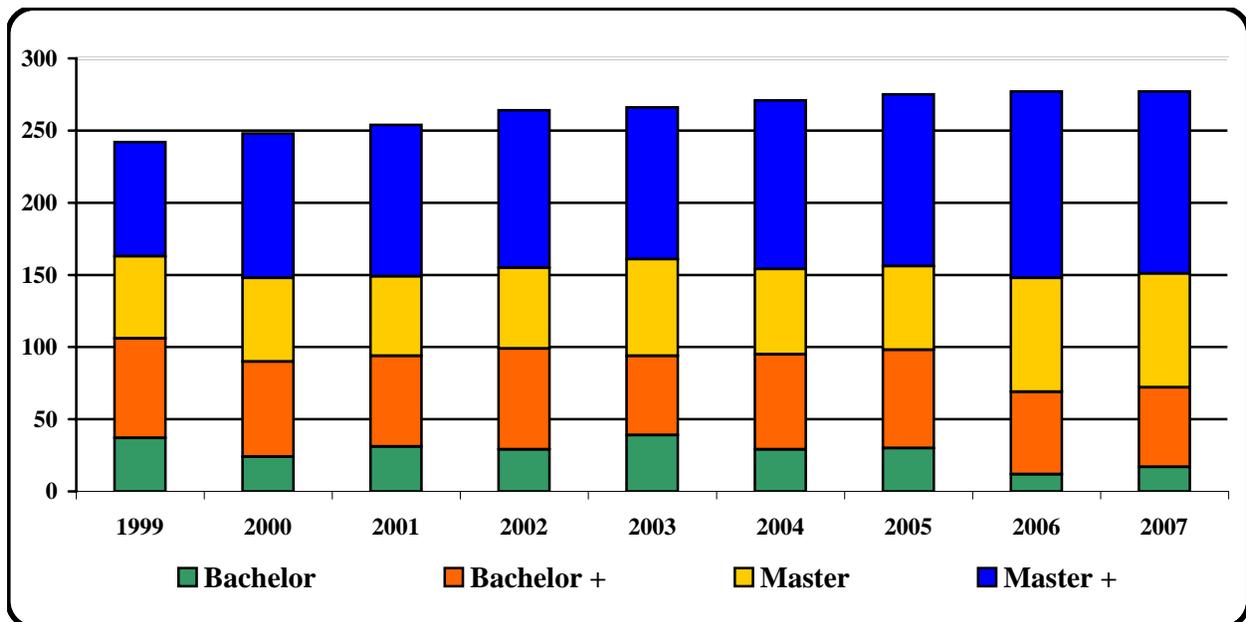
**Method:** Using 1.0 for each full-time employee at fiscal year end.

(1) Information prior to 2001 is not available.

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

**North Royalton City School District**  
*Full-Time Equivalent Teachers by Education*  
*Last Nine Fiscal Years (1)*

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



(1) Information prior to 1999 is not available.

Source: School District Records

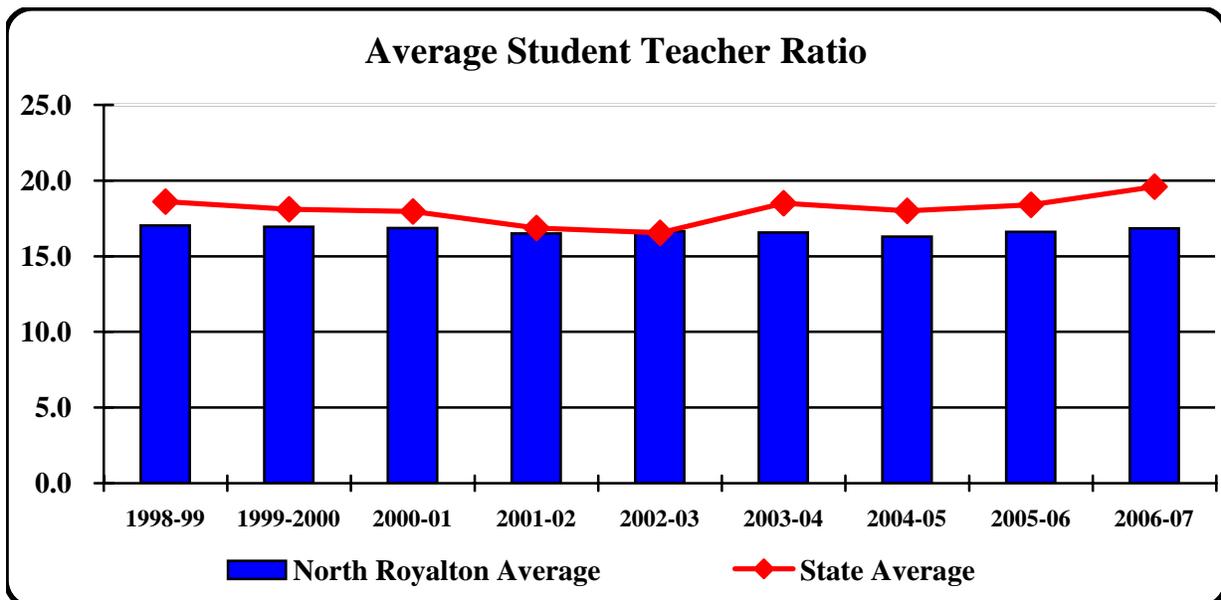
2004	2005	2006	2007
29	30	12	17
8	9	8	9
13	13	8	9
11	11	10	10
8	9	8	7
26	26	23	20
59	58	79	79
23	23	28	26
45	46	45	45
20	20	19	21
6	7	8	6
7	7	7	6
4	4	10	8
2	2	0	2
10	10	12	12
<u>271</u>	<u>275</u>	<u>277</u>	<u>277</u>

**North Royalton City School District**  
*Average Number of Students per Teacher*  
*Last Nine School Years (1)*

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

(1) Information prior to 1999 is not available.

Source: Ohio Department of Education, EMIS Reports





Mary Taylor, CPA  
Auditor of State

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 15, 2008**