

Single Audit Report

North Royalton City School District

For the Year Ended June 30, 2002



**Auditor of State
Betty Montgomery**

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Board of Education
North Royalton City School District
6579 Royalton Road
North Royalton, Ohio 44133

We have reviewed the Independent Auditor's Report of the North Royalton City School District, Cuyahoga County, prepared by Grant Thornton LLP, for the audit period July 1, 2001 to June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

February 7, 2003

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NORTH ROYALTON CITY SCHOOL DISTRICT

SINGLE AUDIT REPORT

For the year ended June 30, 2002

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

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

Board of Education
North Royalton City School District

We have audited the general-purpose financial statements of the North Royalton City School District (the "District") as of and for the year ended June 30, 2002, and have issued our report thereon dated November 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the District in a separate letter dated November 5, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purposes financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2002-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

Grant Thornton LLP

Cleveland, Ohio
November 5, 2002

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

Board of Education
North Royalton City School District

Compliance

We have audited the compliance of the North Royalton City School District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

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SUPPLEMENTAL FINANCIAL INFORMATION

North Royalton City School District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2002

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Number	Receipts	Expenditures
U.S. Department of Education via Ohio Department of Education				
Special Education Cluster:				
Special Education - Grants to States	84.027	044545-6B-SF-00	\$ -	\$ 11,563
		044545-6B-SF-01	249,990	237,945
			<u>249,990</u>	<u>249,508</u>
Special Education - PreSchool Grants	84.173	044545-PG-S1-01	<u>17,542</u>	<u>15,114</u>
<i>Total Special Education Cluster</i>			267,532	264,622
<hr/>				
Goals 2000 - State and Local Education				
Systemic Improvement Grants	84.276	044545-G2-S3-01	-	969
<hr/>				
Innovative Education Program Strategies				
	84.298	044545-C2-S1-02	24,779	16,611
		044545-C2-S1-01	6,987	5,310
			<u>31,766</u>	<u>21,921</u>
<hr/>				
Safe and Drug-Free Schools and Communities				
State Grants	84.186	044545-DR-S1-02	8,944	7,964
		044545-DR-S1-01	7,148	8,531
			<u>16,092</u>	<u>16,495</u>
<hr/>				
Eisenhower Professional Development				
State Grants	84.281	044545-MS-S1-02	12,455	8,588
		044545-MS-S1-01	1,113	7,168
			<u>13,568</u>	<u>15,756</u>
<hr/>				
Class Size Reduction Grant				
	84.340	044545-CR-S1-02	38,947	30,027
		044545-CR-S1-01	380	380
			<u>39,327</u>	<u>30,407</u>
<hr/>				
TOTAL U. S. DEPARTMENT OF EDUCATION			\$ 368,285	\$ 350,170

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Fiscal Year Ended June 30, 2002

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Number	Receipts	Expenditures
U.S. Department of Agriculture via Ohio Department of Education				
Nutrition Cluster:				
National School Lunch Program	10.555	0044545 LL-P4-02	\$ 62,740	\$ 62,740
		0044545 LL-P1-01	7,345	7,345
		0044545 LL-P4-01	15,724	15,724
			85,809	85,809
School Breakfast Program	10.553	044545-05-PU-01	709	709
		044545-05-PU-02	3,828	3,828
			4,537	4,537
Food Donation	10.550	N/A	44,790	44,921
<i>Total Nutrition Cluster</i>			135,136	135,267
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 135,136	\$ 135,267
U.S. Department of Health and Human Services via Ohio Department of Education				
Refugee and Entrant Assistance - Discretionary Grants	93.576	044545-RI-S1-02	\$ 3,150	\$ 783
		044545-RI-S1-01	-	3,150
			3,150	3,933
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 3,150	\$ 3,933
TOTAL U.S. DEPARTMENT OF EDUCATION (from previous page)			\$ 368,285	\$ 350,170
GRAND TOTAL			\$ 506,571	\$ 489,370

North Royalton City School District

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2002

(1) **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the District. The District's reporting entity is defined in Note 2 to the District's general-purpose financial statements.

(2) **Basis of Accounting**

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

(3) **Noncash Support**

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

FINDINGS

North Royalton City School District

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

For the Fiscal Year Ended June 30, 2002

1. SUMMARY OF AUDITORS' RESULTS

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

North Royalton City School District

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

For the Fiscal Year Ended June 30, 2002

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

Finding No 2002-01 – GAAP Conversion

As stipulated by Ohio Revised Code Section 117-2-03(B), effective for fiscal years ended June 30, 1996 and after, the District is required to report (but not necessarily account) on a Generally Accepted Accounting Principles (GAAP) basis. As is typical of school districts in the State of Ohio, the District maintained its accounting records on a cash basis throughout the fiscal year and then converted its cash basis records to GAAP for purposes of year-end reporting. During the 2002 audit of the District, we noted errors in the GAAP conversion preparation which resulted in significant audit adjustments including a \$2,451,358 understatement of the liability for general obligation bonds, a \$585,025 understatement of the liability for compensated absences, a \$101,883 overstatement of the liability for workers' compensation, and a \$60,114 understatement of the liability for accrued wages.

We recommend that the District review its policies and procedures for the preparation and review of the GAAP conversion schedules and analysis to ensure that the cash basis records are properly converted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

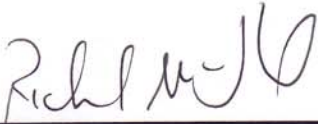
North Royalton City School District

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

For the year ended June 30, 2002

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

§.510. Therefore, there are no prior audit findings to report the status of.



Mr. Richard McIntosh
Treasurer

North Royalton City School District

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

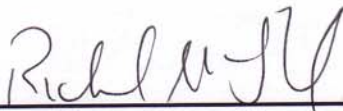
For the year ended June 30, 2002

In regards to the understatement of the liability for general obligation bonds the issue is multifaceted. The bonds in question are Capital Appreciation Bonds. Capital Appreciation Bonds are issued at a discount and do not pay semiannual interest as do equal principal general obligation bonds. An investor who purchases a Capital Appreciation Bond and holds it to until maturity receives an amount equal to the original principal amount plus the interest that has accrued over the life of the bond at the stated interest rate for such Capital Appreciation Bond. An investor who sells such a bond prior to its maturity at a time when interest rates are higher than at the time that the bond was purchased may not receive all the interest which has accrued to that date and may realize a loss on the investment.

When a Capital Appreciation Bond is issued there is a principal and interest amount that equals a total debt service amount at maturity. That total debt service amount never changes. GAAP requires the accrued interest for a Capital Appreciation Bond to be reflected in the Long Term Debt account calculated to the year ended date of the CAFR. The total debt service schedule is reflected in Note 12 of the CAFR. The change that needs to be reflected here each year is increasing the amount of principal and decreasing the amount of interest for the outstanding Capital Appreciation Bonds, again never changing the total debt service amount due at maturity.

We have obtained the accretion schedules from the Official Statements issued in connection with each bond issue that included Capital Appreciation Bonds. These accretion schedules will be used to calculate the accrued interest each year hereafter for the outstanding Capital Appreciation Bonds.

Regarding the compensated absences, the district will more closely monitor the balances to insure the accuracy of the data. The accrued wages issue was due to a misunderstanding of the negotiated agreements and district practices. The workers compensation matter was an issue of using the last published rate versus contacting the bureau for an updated rate.



Mr. Richard McIntosh
Treasurer

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NORTH ROYALTON CITY SCHOOL DISTRICT
NORTH ROYALTON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Issued By:
Treasurer's Office
Richard McIntosh
Treasurer

North Royalton City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002
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NORTH ROYALTON CITY SCHOOLS

440-237-8800
Fax 440-582-7336

6579 Royalton Road
North Royalton, Ohio 44133

November 5, 2002

Board of Education Members
North Royalton City School District

We are pleased to submit to you the North Royalton City School District's Comprehensive Annual Financial Report (CAFR). This report is the School District's official annual financial report for the fiscal year that ended June 30, 2002. This report presents the School District's financial information in a comprehensive manner consistent with the Generally Accepted Accounting Principles (GAAP) applicable to all governmental entities. This report also includes an unqualified opinion from Grant Thornton LLP for the 2002 fiscal year. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and presents fairly the financial position of the School District. The report has been filed with the appropriate regulatory agencies as well as the major bond rating agencies. Copies will be distributed to all school buildings, the North Royalton Public Library, the North Royalton Chamber of Commerce, rating agencies and other interested organizations. Copies will be made available to residents of the North Royalton City School District and are available in the Treasurer's Office for all other interested parties.

The comprehensive annual financial report is presented in three sections as follows:

The Introductory Section contains the Table of Contents, this Letter of Transmittal, a List of Principal Officials, the School District's Organizational Chart and the GFOA Certificate of Achievement.

The Financial Section begins with the Report of the Independent Accounts and includes General Purpose Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements by Fund Type, and other schedules provide detailed information relative to the General Purpose Financial Statements.

The Statistical Section which presents social and economic data, financial trends and the fiscal capacity of the North Royalton City School District.

The North Royalton City 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 through the State Department of Education. Under Ohio law, the School District is a separate and distinct unit of government with its own taxing authority. The 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 86.39 percent of the City of North Royalton and 14.79 percent of the City of Broadview Heights (1.5 percent of the City of North Royalton and 75.3 percent of the City of Broadview Heights are in the Brecksville-Broadview Heights City School District). The School District is bounded by the City of Parma on the north, the City of Broadview Heights on the east, the City of Strongsville on the west and Medina County on the south.

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

The North Royalton 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.

North Royalton City School District'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.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services mandated by State and Federal agencies.

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 participates in three jointly governed organizations and a public entity risk pool. These organizations are the Lakeshore Northeast Ohio Computer Association, Cuyahoga Valley Career Center, Ohio Schools Council and the Suburban Health Consortium which are discussed in Notes 13 and 15 to the general purpose financial statements.

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 72.1 percent of its governmental revenues from local property tax collections. Therefore the long-term financial health of the School District is very dependent on its tax base. The total assessed value of the School District's tax duplicate rose by nearly 69.2 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 several new housing developments approved and under construction in the School District. As of June 30, 2002 there were approximately 1,600 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.

Major Educational Initiatives:

2001-2002 School Year:

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

For the Future:

- Continue to work collaboratively with our state representatives regarding school funding, specifically protecting the interests of the School District
- Continue to build and reinforce productive partnerships with our respective communities.
- Continue to align our instruction and testing programs with the mandates of the Elementary and Secondary Education Act (ESEA), as well as Ohio's Content and Operating Standards.
- Passed a 5.5 mill operating levy.
- Evaluate facilities' needs to accommodate increasing student enrollment.

Financial Information

Internal Accounting and Budgetary Control

The School District's accounting system is organized on a "fund" basis. Each fund (and account group) is a distinct self-balancing accounting entity. General governmental operations are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

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

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

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

All disbursements and transfers of cash between funds require appropriation authority from the Board of Education. Budgets are controlled at the object account level within a function for the general fund and at the fund level for all other funds. All purchase order requests must be approved by either the Superintendent or the Assistant Superintendent and certified by the Treasurer; necessary monies are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an on-line inquiry system is available at each cost center site. As an additional safeguard, all employees are covered by a blanket bond, and certain individuals in policy-making roles are covered by a separate, higher limit bond.

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

Governmental Functions

The following schedule presents a summary of revenues for the governmental funds, which include general, special revenue, debt service and capital projects funds for the fiscal year ended June 30, 2002 with comparisons to the fiscal year ended June 30, 2001:

	Fiscal Year 2002	Fiscal Year 2001	Change	% Increase/ (Decrease)
Revenues				
Taxes	\$28,737,806	\$23,556,926	\$5,180,880	21.99%
Intergovernmental	10,286,408	9,294,779	991,629	10.67
Interest	139,229	344,644	(205,415)	(59.60)
Tuition and Fees	273,604	189,970	83,634	44.02
Extracurricular Activities	203,585	172,601	30,984	17.95
Contributions and Donations	68,922	106,932	(38,010)	(35.55)
Charges for Services	1,507	2,382	(875)	(36.73)
Rentals	34,730	54,891	(20,161)	(36.73)
Miscellaneous	97,354	153,870	(56,516)	(36.73)
Total Revenues	<u>\$39,843,145</u>	<u>\$33,876,995</u>	<u>\$5,966,150</u>	17.61%

Property tax revenue increased \$5,180,880 or 21.99 percent primarily due to the Cuyahoga County Treasurer sending the semi-annual tax bills out earlier in the month of June than in past years resulting in more payments reaching the County Treasurer before fiscal year end.

Intergovernmental revenue increased \$991,629 or 10.67 percent due to new grants and an increase in homestead and rollback.

Interest revenue decreased \$205,415 or 59.60 percent due to rates of return of eligible investment vehicles reaching historic lows along with lower cash flow.

Tuition and fee revenue increased \$83,634 or 44.02 percent due to the completion and invoicing of two years of tuition billings.

Miscellaneous revenue decreased \$56,516 or 36.73 percent due to a change in classification from the previous fiscal year of certain line items.

The following schedule represents a summary of all governmental expenditures of general, special revenue, debt service and capital projects funds for the fiscal year ended June 30, 2002 with comparisons to the fiscal year ended June 30, 2001:

	Fiscal Year 2002	Fiscal Year 2001	Change	% Increase/ (Decrease)
Expenditures				
Current:				
Instruction:				
Regular Instruction	\$16,278,635	\$15,183,731	\$1,094,904	7.21%
Special Instruction	2,980,258	2,347,636	632,622	26.95
Vocational Instruction	126,076	120,029	6,047	5.04
Support Services:				
Pupils	1,947,784	1,678,325	269,459	16.06
Instructional Staff	2,107,635	1,860,622	247,013	13.28
Board of Education	19,469	0	19,469	0.00
Administration	2,913,381	2,659,073	254,308	9.56
Fiscal	820,527	694,690	125,837	18.11
Business	213,961	248,541	(34,580)	(13.91)
Operation and Maintenance of Plant	2,901,312	2,737,232	164,080	5.99
Pupil Transportation	2,240,886	2,039,885	201,001	9.85
Central	222,259	95,031	127,228	133.88
Operation of Non-Instructional Services	641,489	482,556	158,933	32.94
Extracurricular Activities	746,566	760,587	(14,021)	(1.84)
Capital Outlay	817,988	1,013,733	(195,745)	(19.31)
Debt Service:				
Principal Retirement	1,350,000	1,295,000	55,000	4.25
Interest and Fiscal Charges	1,280,896	1,332,570	(51,674)	(3.88)
<i>Total Expenditures</i>	<u>\$37,609,122</u>	<u>\$34,549,241</u>	<u>\$3,059,881</u>	8.86%

Regular instruction expenditures increased \$1,094,904 or 7.21 percent due to additional staff, salary and fringe benefit increases and tuition expenditures associated with the School District's special education program.

Special Instruction expenditures increased \$632,622 or 26.95 percent due to additional staff, salary and fringe benefit increases.

Business support services expenditures decreased \$34,580 or 13.91 percent due to the retirement of the Assistant to the Superintendent midway through the fiscal year and the position not being filled until the 2002-2003 school year.

Central support services expenditures increased \$127,228 or 133.88 percent due to the addition of a Technology Coordinator position and an increase in purchased services for Educational Management Information Services data processing.

Capital outlay expenditures decreased \$195,745 or 19.31 percent primarily due to a reduction in capital purchases.

General Fund Balance

The fund balance of the general fund increased from (\$936,047) at June 30, 2001, to \$769,815 at June 30, 2002, due in part to a significant increase in property tax revenues. A portion of this change was the result of an increase of \$2.2 million in the amount of property tax collections available as an advance from the county auditor at fiscal year-end compared to the amount available as an advance last year. (See Note 5 to the general purpose financial statements.) This money is recognized as revenue on the modified accrual basis, but is presented as a reserve of fund balance on the balance sheet. The unreserved fund balance continued to decline, going from (\$2,773,494) at June 30, 2001, to (\$3,315,074) at June 30, 2002. The School District was declared to be in fiscal watch status on September 20, 2002, under the guidelines established in Ohio Revised Code Chapter 118.

Proprietary Operations

Financial Highlights - Enterprise Funds

Food service, uniform school supplies, and the rotary/bookstore are classified as enterprise operations since they resemble those activities found in private industry; management periodically desires to determine the amount of profit/loss resulting from these operations that are significantly financed from user fees. In total, the enterprise funds had a net loss of (\$37,015) for the fiscal year ended June 30, 2002.

Financial Highlights - Internal Service Fund

The only internal service fund carried on the financial records related to self-insurance. This fund accounts for the revenues and expenses related to the provision of vision, dental and prescription drug benefits to the School District employees. The School District dissolved the self-insurance program for medical benefits in September and participated in a health consortium, Suburban Health Consortium, starting in October. The internal service fund had retained earnings of \$25,758 at June 30, 2002 compared with a retained deficit of (\$177,022) at June 30, 2001, reflecting a net income of \$202,780 for the fiscal year ended June 30, 2002.

Financial Highlights - Fiduciary Funds

The trust fund carried on the financial records of the School District is a scholarship expendable trust fund that had no assets at June 30, 2002. The student activities agency fund had assets and liabilities in the amount of \$282,057.

Debt Administration

At June 30, 2002, general obligation bonds outstanding totaled \$25,164,136. During fiscal year 2002, \$1,350,000 of general obligation bonds were retired. As of June 30, 2002, the overall debt margin was \$50,220,708 and the unvoted debt margin was \$799,109. All existing bond obligations are general obligation debt backed by the full faith and credit of the School District and will be retired fully by fiscal year 2020.

Cash Management

The Board of Education has established a cash management program that expedites the collection of local and state funds through electronic fund transfers and daily deposits. Funds are deposited in local financial institutions insured by the Federal Deposit Insurance Corporation as well as investing available cash with the State Treasury Asset Reserve (STAROhio). The total amount of interest earned for the year ended June 30, 2002, was \$146,454. Of that, \$129,243 was credited to the general fund.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Board and designated third party trustees of the financial institutions.

Risk Management

The School District uses the State Workers' compensation plan and pays a premium based on a rate per \$100 of salaries. The School District contracts for general liability insurance with \$1,000,000 limit per occurrence and a limit of \$3,000,000 and a \$250 deductible. The School District provides property, inland marine and crime insurance with a \$1,000 deductible for property and crime insurance and a \$250 deductible for inland marine. Boiler and machinery are covered under a policy with a limit of \$30,000,000 and a \$1,000 deductible.

Pension Plans

All School District employees are covered by the state-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Note 9 to the general purpose financial statements for complete details.

General Fixed Assets

The general fixed assets of the North Royalton City School District are used to carry on the main education and support function of the system and are not financial resources available for expenditure. The total general fixed assets at June 30, 2002 was \$49,592,912. Such assets are accounted for at historical cost. Depreciation is not recognized on general fixed assets.

Independent Audit

State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Grant Thornton LLP, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2002. The opinion appears at the beginning of the financial section of this report.

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, 2001. 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

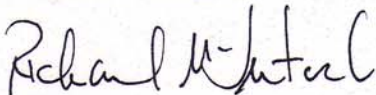
The publication of this report is a significant step toward professionalizing the North Royalton City School District's financial reporting. It enhances the School District's accountability to the residents of the North Royalton City School District.

The preparation of this report would not have been possible without the assistance and support of the staff of 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 statistical data.

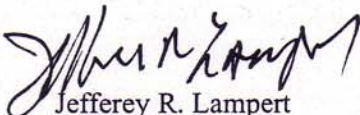
Special appreciation is expressed to the Local Government Services Division of State Auditor Jim Petro's office for assistance in planning, designing and reviewing this financial report.

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



Jefferey R. Lampert
Superintendent

North Royalton City School District

List of Principal Officials

June 30, 2002

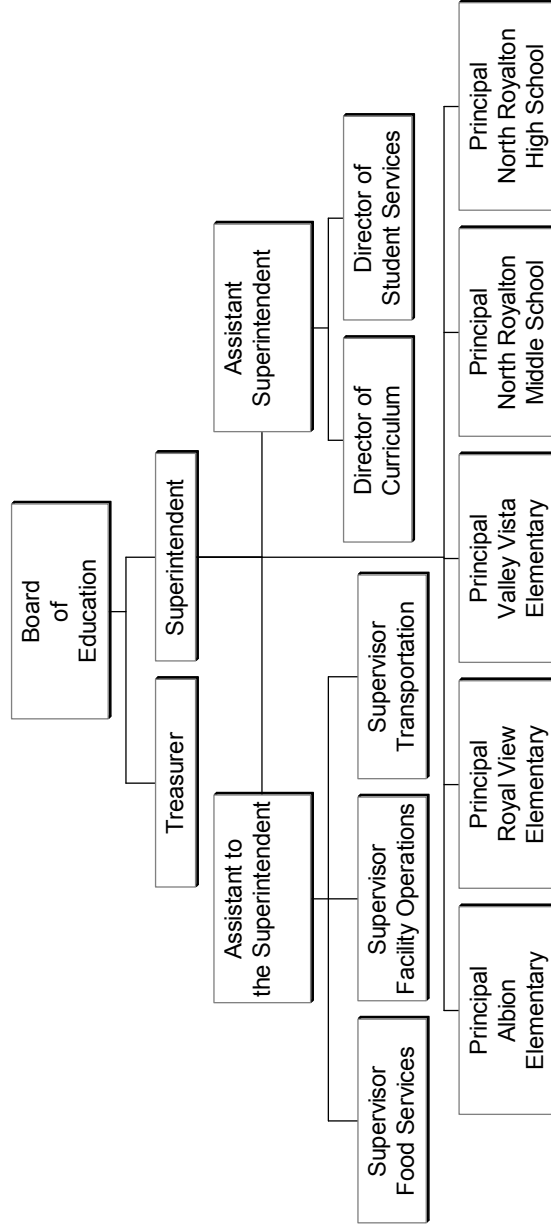
Elected Officials/Board of Elections

Heidi Dolezal	President
Catherine Bican	Vice President
Robert Grace	Member
Daniel Potopsky	Member
Barbara Soggs	Member

Administration

Jefferey R. Lampert	Superintendent
Malcolm M. Driver	Assistant Superintendent
Patricia A. Murphy	Director of Curriculum & Instruction
James C. Rohlik	Director of Pupil Services
Richard McIntosh	Treasurer

North Royalton City School District Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Royalton City
Schools, Ohio

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

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.



Thomas A. Crave
President

Jeffrey L. Esser
Executive Director

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Education
North Royalton City School District

We have audited the accompanying general-purpose financial statements of the North Royalton City School District, North Royalton, Ohio (the "District") as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2002 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Grant Thornton LLP

Cleveland, Ohio
November 5, 2002

General Purpose Financial Statements

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the School District's financial position at June 30, 2002, and the result of operations and changes in cash flows of its proprietary funds for the year then ended.

North Royalton City School District

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits</i>				
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$503,094	\$513,468	\$2,059,059	\$57,827
Taxes Receivable	26,526,540	0	2,986,334	878,462
Intergovernmental Receivable	159,400	38,829	0	0
Interfund Receivable	6	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	81,538	0	0	0
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	68,411	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service				
Fund for Retirement of General				
Obligation Bonds	0	0	0	0
Amount to be Provided from				
General Government Resources	0	0	0	0
<i>Total Assets and Other Debits</i>	<u>\$27,338,989</u>	<u>\$552,297</u>	<u>\$5,045,393</u>	<u>\$936,289</u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$230,883	\$37,691	\$282,057	\$0	\$0	\$3,684,079
0	0	0	0	0	30,391,336
0	0	0	0	0	198,229
0	0	0	0	0	6
16,726	0	0	0	0	16,726
0	0	0	0	0	81,538
0	0	0	0	0	68,411
340,084	0	0	49,592,912	0	49,932,996
0	0	0	0	2,535,911	2,535,911
0	0	0	0	25,826,830	25,826,830
<u>\$587,693</u>	<u>\$37,691</u>	<u>\$282,057</u>	<u>\$49,592,912</u>	<u>\$28,362,741</u>	<u>\$112,736,062</u>

(continued)

North Royalton City School District
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Liabilities, Fund Equity and Other Credits</i>				
Liabilities				
Accounts Payable	\$131,181	\$103,975	\$0	\$11,930
Contracts Payable	0	0	0	5,939
Accrued Wages and Benefits	3,089,389	0	0	0
Compensated Absences Payable	208,766	0	0	0
Intergovernmental Payable	726,953	1,772	0	0
Deferred Revenue	22,412,885	38,829	2,509,482	738,237
Interfund Payable	0	6	0	0
Claims Payable	0	0	0	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<i>Total Liabilities</i>	26,569,174	144,582	2,509,482	756,106
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	132,331	45,633	0	26,482
Reserved for Inventory	81,538	0	0	0
Reserved for Bus Purchase	68,411	0	0	0
Reserved for Property Tax Advance	3,802,609	0	450,384	132,440
Unreserved, Undesignated (Deficit)	(3,315,074)	362,082	2,085,527	21,261
<i>Total Fund Equity and Other Credits</i>	769,815	407,715	2,535,911	180,183
<i>Total Liabilities, Fund Equity and Other Credits</i>	\$27,338,989	\$552,297	\$5,045,393	\$936,289

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$1,137	\$0	\$0	\$0	\$0	\$248,223
0	0	0	0	0	5,939
25,263	0	0	0	0	3,114,652
37,810	0	0	0	2,954,561	3,201,137
55,934	0	0	0	244,044	1,028,703
0	0	0	0	0	25,699,433
0	0	0	0	0	6
0	11,933	0	0	0	11,933
0	0	282,057	0	0	282,057
0	0	0	0	25,164,136	25,164,136
<u>120,144</u>	<u>11,933</u>	<u>282,057</u>	<u>0</u>	<u>28,362,741</u>	<u>58,756,219</u>
0	0	0	49,592,912	0	49,592,912
254,269	0	0	0	0	254,269
213,280	25,758	0	0	0	239,038
0	0	0	0	0	204,446
0	0	0	0	0	81,538
0	0	0	0	0	68,411
0	0	0	0	0	4,385,433
0	0	0	0	0	(846,204)
<u>467,549</u>	<u>25,758</u>	<u>0</u>	<u>49,592,912</u>	<u>0</u>	<u>53,979,843</u>
<u>\$587,693</u>	<u>\$37,691</u>	<u>\$282,057</u>	<u>\$49,592,912</u>	<u>\$28,362,741</u>	<u>\$112,736,062</u>

North Royalton City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances*
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2002

	Governmental Fund		
	General	Special Revenue	Debt Service
Revenues			
Taxes	\$25,245,846	\$0	\$2,711,584
Intergovernmental	8,948,104	936,063	312,839
Interest	129,243	7,321	0
Tuition and Fees	273,604	0	0
Extracurricular Activities	21,275	182,310	0
Contributions and Donations	0	68,922	0
Charges for Services	0	1,507	0
Rentals	32,650	2,080	0
Miscellaneous	97,354	0	0
	<u>34,748,076</u>	<u>1,198,203</u>	<u>3,024,423</u>
<i>Total Revenues</i>			
Expenditures			
Current:			
Instruction:			
Regular	16,151,583	127,052	0
Special	2,980,258	0	0
Vocational	126,076	0	0
Support Services:			
Pupils	1,945,099	2,685	0
Instructional Staff	1,847,330	260,305	0
Board of Education	19,469	0	0
Administration	2,913,381	0	0
Fiscal	816,009	4,518	0
Business	213,961	0	0
Operation and Maintenance of Plant	2,885,362	15,950	0
Pupil Transportation	2,238,145	2,741	0
Central	222,259	0	0
Operation of Non-Instructional Services	85,476	556,013	0
Extracurricular Activities	525,329	221,237	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	1,350,000
Interest and Fiscal Charges	0	0	1,280,896
	<u>32,969,737</u>	<u>1,190,501</u>	<u>2,630,896</u>
<i>Total Expenditures</i>			
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,778,339</u>	<u>7,702</u>	<u>393,527</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	7,980	0	0
Operating Transfers In	0	35,500	0
Operating Transfers Out	(35,500)	0	0
	<u>(27,520)</u>	<u>35,500</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>			
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>1,750,819</u>	<u>43,202</u>	<u>393,527</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	(936,047)	364,513	2,142,384
<i>Decrease in Reserve for Inventory</i>	<u>(44,957)</u>	<u>0</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$769,815</u>	<u>\$407,715</u>	<u>\$2,535,911</u>

See accompanying notes to the general purpose financial statements

<u>Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
Capital Projects	Expendable Trust	
\$780,376	\$0	\$28,737,806
89,402	0	10,286,408
2,665	0	139,229
0	0	273,604
0	0	203,585
0	2,000	70,922
0	0	1,507
0	0	34,730
0	0	97,354
<u>872,443</u>	<u>2,000</u>	<u>39,845,145</u>
0	0	16,278,635
0	0	2,980,258
0	0	126,076
0	0	1,947,784
0	0	2,107,635
0	0	19,469
0	0	2,913,381
0	0	820,527
0	0	213,961
0	0	2,901,312
0	0	2,240,886
0	0	222,259
0	3,500	644,989
0	0	746,566
817,988	0	817,988
0	0	1,350,000
0	0	1,280,896
<u>817,988</u>	<u>3,500</u>	<u>37,612,622</u>
<u>54,455</u>	<u>(1,500)</u>	<u>2,232,523</u>
0	0	7,980
0	0	35,500
0	0	(35,500)
<u>0</u>	<u>0</u>	<u>7,980</u>
54,455	(1,500)	2,240,503
125,728	1,500	1,698,078
0	0	(44,957)
<u>\$180,183</u>	<u>\$0</u>	<u>\$3,893,624</u>

North Royalton City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2002*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$22,595,552	\$22,595,552	\$0
Intergovernmental	8,948,104	8,948,104	0
Interest	129,243	129,243	0
Tuition and Fees	183,110	221,974	38,864
Extracurricular Activities	21,275	21,275	0
Contributions and Donations	0	0	0
Charges for Services	0	0	0
Rentals	32,650	32,650	0
Miscellaneous	70,892	94,097	23,205
<i>Total Revenues</i>	<u>31,980,826</u>	<u>32,042,895</u>	<u>62,069</u>
Expenditures			
Current:			
Instruction:			
Regular	15,715,444	15,697,163	18,281
Special	3,063,228	3,011,962	51,266
Vocational	127,444	117,365	10,079
Support Services:			
Pupils	1,855,372	1,855,372	0
Instructional Staff	1,773,372	1,773,372	0
Board of Education	17,147	17,147	0
Administration	2,819,198	2,819,198	0
Fiscal	810,289	810,289	0
Business	216,632	216,632	0
Operation and Maintenance of Plant	2,854,614	2,854,068	546
Pupil Transportation	2,274,046	2,247,895	26,151
Central	227,050	227,050	0
Operation of Non-Instructional Services	84,745	84,745	0
Extracurricular Activities	526,531	526,531	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>32,365,112</u>	<u>32,258,789</u>	<u>106,323</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(384,286)</u>	<u>(215,894)</u>	<u>168,392</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	7,980	7,980	0
Advances In	3,380	3,380	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(35,500)	(35,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(24,140)</u>	<u>(24,140)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(408,426)</u>	<u>(240,034)</u>	<u>168,392</u>
<i>Fund Balances Beginning of Year</i>	353,105	353,105	0
Prior Year Encumbrances Appropriated	197,871	197,871	0
<i>Fund Balances End of Year</i>	<u>\$142,550</u>	<u>\$310,942</u>	<u>\$168,392</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,429,906	\$2,429,906	\$0
932,499	935,949	3,450	309,275	312,839	3,564
5,889	7,321	1,432	0	0	0
0	0	0	0	0	0
182,310	182,310	0	0	0	0
68,552	68,922	370	0	0	0
1,507	1,507	0	0	0	0
2,080	2,080	0	0	0	0
0	0	0	0	0	0
<u>1,192,837</u>	<u>1,198,089</u>	<u>5,252</u>	<u>2,739,181</u>	<u>2,742,745</u>	<u>3,564</u>
149,186	148,186	1,000	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
11,671	11,671	0	0	0	0
264,502	264,502	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
4,518	4,518	0	0	0	0
0	0	0	0	0	0
18,536	18,536	0	0	0	0
2,705	2,705	0	0	0	0
0	0	0	0	0	0
698,963	698,963	0	0	0	0
246,615	245,655	960	0	0	0
0	0	0	0	0	0
0	0	0	1,350,000	1,350,000	0
0	0	0	1,280,896	1,280,896	0
<u>1,396,696</u>	<u>1,394,736</u>	<u>1,960</u>	<u>2,630,896</u>	<u>2,630,896</u>	<u>0</u>
<u>(203,859)</u>	<u>(196,647)</u>	<u>7,212</u>	<u>108,285</u>	<u>111,849</u>	<u>3,564</u>
0	0	0	0	0	0
0	0	0	0	0	0
(3,380)	(3,380)	0	0	0	0
35,500	35,500	0	0	0	0
0	0	0	0	0	0
<u>32,120</u>	<u>32,120</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(171,739)	(164,527)	7,212	108,285	111,849	3,564
293,029	293,029	0	1,947,210	1,947,210	0
249,995	249,995	0	0	0	0
<u>\$371,285</u>	<u>\$378,497</u>	<u>\$7,212</u>	<u>\$2,055,495</u>	<u>\$2,059,059</u>	<u>\$3,564</u>

(continued)

North Royalton City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Fund (continued)
For the Fiscal Year Ended June 30, 2002*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$694,615	\$694,615	\$0
Intergovernmental	88,353	89,402	1,049
Interest	2,665	2,665	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	0	0	0
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>785,633</u>	<u>786,682</u>	<u>1,049</u>
Expenditures			
Current:			
Instruction:			
Regular	331,204	331,204	0
Special	0	0	0
Vocational	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	12,775	12,775	0
Fiscal	123	123	0
Business	0	0	0
Operation and Maintenance of Plant	189,358	189,358	0
Pupil Transportation	288,188	288,188	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	25,372	25,372	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>847,020</u>	<u>847,020</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(61,387)</u>	<u>(60,338)</u>	<u>1,049</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(61,387)</u>	<u>(60,338)</u>	<u>1,049</u>
<i>Fund Balances Beginning of Year</i>	22,449	22,449	0
Prior Year Encumbrances Appropriated	<u>64,459</u>	<u>64,459</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$25,521</u>	<u>\$26,570</u>	<u>\$1,049</u>

See accompanying notes to the general purpose financial statements

Expendable Trust			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$25,720,073	\$25,720,073	\$0
0	0	0	10,278,231	10,286,294	8,063
0	0	0	137,797	139,229	1,432
0	0	0	183,110	221,974	38,864
0	0	0	203,585	203,585	0
2,000	2,000	0	70,552	70,922	370
0	0	0	1,507	1,507	0
0	0	0	34,730	34,730	0
0	0	0	70,892	94,097	23,205
2,000	2,000	0	36,700,477	36,772,411	71,934
0	0	0	16,195,834	16,176,553	19,281
0	0	0	3,063,228	3,011,962	51,266
0	0	0	127,444	117,365	10,079
0	0	0	1,867,043	1,867,043	0
0	0	0	2,037,874	2,037,874	0
0	0	0	17,147	17,147	0
0	0	0	2,831,973	2,831,973	0
0	0	0	814,930	814,930	0
0	0	0	216,632	216,632	0
0	0	0	3,062,508	3,061,962	546
0	0	0	2,564,939	2,538,788	26,151
0	0	0	227,050	227,050	0
3,500	3,500	0	787,208	787,208	0
0	0	0	773,146	772,186	960
0	0	0	25,372	25,372	0
0	0	0	1,350,000	1,350,000	0
0	0	0	1,280,896	1,280,896	0
3,500	3,500	0	37,243,224	37,134,941	108,283
(1,500)	(1,500)	0	(542,747)	(362,530)	180,217
0	0	0	7,980	7,980	0
0	0	0	3,380	3,380	0
0	0	0	(3,380)	(3,380)	0
0	0	0	35,500	35,500	0
0	0	0	(35,500)	(35,500)	0
0	0	0	7,980	7,980	0
(1,500)	(1,500)	0	(534,767)	(354,550)	180,217
1,500	1,500	0	2,617,293	2,617,293	0
0	0	0	512,325	512,325	0
\$0	\$0	\$0	\$2,594,851	\$2,775,068	\$180,217

North Royalton City School District
*Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002*

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating Revenues			
Sales	\$1,058,146	\$0	\$1,058,146
Tuition and Fees	47,740	0	47,740
Charges for Services	0	2,625,805	2,625,805
Miscellaneous	5,949	0	5,949
<i>Total Operating Revenues</i>	<u>1,111,835</u>	<u>2,625,805</u>	<u>3,737,640</u>
Operating Expenses			
Salaries and Wages	525,777	0	525,777
Fringe Benefits	103,392	0	103,392
Purchased Services	14,972	51,265	66,237
Materials and Supplies	271,911	0	271,911
Cost of Sales	342,396	0	342,396
Claims	0	2,371,760	2,371,760
Other	360	0	360
Depreciation	22,719	0	22,719
<i>Total Operating Expenses</i>	<u>1,281,527</u>	<u>2,423,025</u>	<u>3,704,552</u>
<i>Operating Income (Loss)</i>	<u>(169,692)</u>	<u>202,780</u>	<u>33,088</u>
Non-Operating Revenues			
Federal Donated Commodities	44,921	0	44,921
Operating Grants	80,531	0	80,531
Interest	7,225	0	7,225
<i>Total Non-Operating Revenues</i>	<u>132,677</u>	<u>0</u>	<u>132,677</u>
<i>Net Income (Loss)</i>	<u>(37,015)</u>	<u>202,780</u>	<u>165,765</u>
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>250,295</u>	<u>(177,022)</u>	<u>73,273</u>
<i>Retained Earnings End of Year</i>	213,280	25,758	239,038
<i>Contributed Capital Beginning and End of Year</i>	<u>254,269</u>	<u>0</u>	<u>254,269</u>
<i>Total Fund Equity End of Year</i>	<u>\$467,549</u>	<u>\$25,758</u>	<u>\$493,307</u>

See accompanying notes to the general purpose financial statements

North Royalton City School District
Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$1,056,356	\$1,058,146	\$1,790
Tuition and Fees	47,740	47,740	0
Charges for Services	0	0	0
Interest	7,225	7,225	0
Operating Grants	94,071	94,071	0
Miscellaneous	6,149	5,949	(200)
<i>Total Revenues</i>	<u>1,211,541</u>	<u>1,213,131</u>	<u>1,590</u>
Expenses			
Salaries and Wages	410,040	410,040	0
Fringe Benefits	143,982	143,982	0
Purchased Services	18,373	18,373	0
Materials and Supplies	569,750	569,750	0
Capital Outlay	13,960	13,960	0
Claims	0	0	0
<i>Total Expenses</i>	<u>1,156,105</u>	<u>1,156,105</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenses</i>	55,436	57,026	1,590
<i>Fund Equity Beginning of Year</i>	169,614	169,614	0
<i>Prior Year Encumbrances Appropriated</i>	<u>971</u>	<u>971</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$226,021</u></u>	<u><u>\$227,611</u></u>	<u><u>\$1,590</u></u>

(continued)

North Royalton City School District
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types (continued)
For the Fiscal Year Ended June 30, 2002*

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$0	\$0	\$0
Tuition and Fees	0	0	0
Charges for Services	2,625,805	2,625,805	0
Interest	0	0	0
Operating Grants	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	2,625,805	2,625,805	0
Expenses			
Salaries and Wages	0	0	0
Fringe Benefits	0	0	0
Purchased Services	59,984	59,984	0
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Claims	2,641,000	2,641,000	0
<i>Total Expenses</i>	2,700,984	2,700,984	0
<i>Excess of Revenues Over (Under) Expenses</i>	(75,179)	(75,179)	0
<i>Fund Equity Beginning of Year</i>	112,870	112,870	0
<i>Prior Year Encumbrances Appropriated</i>	0	0	0
<i>Fund Equity End of Year</i>	\$37,691	\$37,691	\$0

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,056,356	\$1,058,146	\$1,790
47,740	47,740	0
2,625,805	2,625,805	0
7,225	7,225	0
94,071	94,071	0
6,149	5,949	(200)
<u>3,837,346</u>	<u>3,838,936</u>	<u>1,590</u>
410,040	410,040	0
143,982	143,982	0
78,357	78,357	0
569,750	569,750	0
13,960	13,960	0
<u>2,641,000</u>	<u>2,641,000</u>	<u>0</u>
<u>3,857,089</u>	<u>3,857,089</u>	<u>0</u>
(19,743)	(18,153)	1,590
282,484	282,484	0
971	971	0
<u>\$263,712</u>	<u>\$265,302</u>	<u>\$1,590</u>

North Royalton City School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
<i>Increase (Decrease)</i>			
<i>in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,058,146	\$0	\$1,058,146
Cash Received from Quasi-external Transactions with Other Funds	0	2,625,805	2,625,805
Cash Received from Tuition Payments	47,740	0	47,740
Cash Received from Other Operating Sources	5,949	0	5,949
Cash Payments to Employees for Services	(410,040)	0	(410,040)
Cash Payments for Employee Benefits	(143,982)	0	(143,982)
Cash Payments for Goods and Services	(585,108)	(59,982)	(645,090)
Cash Payments for Claims	0	(2,641,000)	(2,641,000)
<i>Net Cash Used for Operating Activities</i>	(27,295)	(75,177)	(102,472)
Cash Flows from Noncapital Financing Activities			
Operating Grants Received	94,071	0	94,071
Cash Flows from Capital and Related Financing Activities			
Payments for Capital Acquisitions	(13,703)	0	(13,703)
Cash Flows from Investing Activities			
Interest on Investments	7,225	0	7,225
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	60,298	(75,177)	(14,879)
<i>Cash and Cash Equivalents Beginning of Year</i>	170,585	112,868	283,453
<i>Cash and Cash Equivalents End of Year</i>	\$230,883	\$37,691	\$268,574

(continued)

North Royalton City School District

*Combined Statement of Cash Flows
All Proprietary Fund Types (continued)
For the Fiscal Year Ended June 30, 2002*

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<i>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities</i>			
Operating Income (Loss)	<u>(\$169,692)</u>	<u>\$202,780</u>	<u>\$33,088</u>
Adjustments:			
Depreciation Expense	22,719	0	22,719
Donated Commodities Used During Year	55,271	0	55,271
Increase in Inventory Held for Resale	(10,320)	0	(10,320)
Increase/(Decrease) in Liabilities:			
Accounts Payable	(645)	(8,717)	(9,362)
Accrued Wages	(18,012)	0	(18,012)
Compensated Absences Payable	37,810	0	37,810
Intergovernmental Payable	55,574	0	55,574
Claims Payable	<u>0</u>	<u>(269,240)</u>	<u>(269,240)</u>
Total Adjustments	<u>142,397</u>	<u>(277,957)</u>	<u>(135,560)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$27,295)</u></u>	<u><u>(\$75,177)</u></u>	<u><u>(\$102,472)</u></u>

Non Cash Non Capital Financing Activities

Federal Donated Commodities in the amount of \$44,921 were recorded as revenue when received in the food service enterprise fund.

See accompanying notes to the general purpose financial statements

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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 provides educational services as authorized by state statute and federal guidelines.

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 228 classified employees and 264 certified full-time personnel who provide services to 4,365 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, agencies and offices that are not legally separate from the School District. For North Royalton City School District, this includes 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. This activity is reflected in a special revenue fund for financial reporting purposes.

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

The School District participates in three jointly governed organizations and a public entity risk pool. These organizations are the Lakeshore Northeast Ohio Computer Association, Cuyahoga Valley Career Center, Ohio Schools Council and the Suburban Health Consortium which are presented in Notes 13 and 15 to the general purpose financial statements.

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies

The financial statements of the 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 proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

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

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

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

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

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

Debt Service Fund The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Proprietary Fund Types Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

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

Internal Service Fund The internal service fund is used for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The School District's fiduciary funds are expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

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

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

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

Non-exchange 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 5). 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 non-exchange 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, interest, tuition, grants, student fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level in the general fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer maintains budgetary information at the object level for all funds and has the authority to allocate appropriations at the function and object level without resolution by the Board of Education.

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

By no later than January 20, the Board-adopted budget is filed with the Cuyahoga County Budget Commission for rate determination.

Estimated Resources Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund level which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by object level in the general fund and at the fund level for all other funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

The Board may pass supplemental fund appropriations so long as the total appropriations do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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

Lapsing of Appropriations At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

D. Cash and Cash Equivalents

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

During fiscal year 2002, investments were limited to STAROhio. 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 at June 30, 2002.

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 2002 amounted to \$129,243, which includes \$106,938 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of school buses.

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

F. Inventory

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

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture, fixtures and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life that ranges from five to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

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

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are generally considered not to have been made with current available financial resources. Bonds are recognized as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following year.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

K. Interfund Transactions

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

Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Fund Balance Reserves and Designations

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of materials and supplies, bus purchase and property taxes.

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

M. Estimates

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

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

N. Totals Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. Contributed Capital

Contributed capital represents resources provided prior to fiscal year 2002, from other funds of the School District, other governments, and private sources to enterprise funds that are not subject to repayment. In 2002 capital contributions received during fiscal year 2002 are reported as revenue on the operating statement and included in retained earnings.

Note 3 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$1,750,819	\$43,202	\$393,527	\$54,455	(\$1,500)
Net Adjustment for					
Revenue Accruals	(2,705,181)	(2,315)	(281,678)	(85,761)	0
Advances In	3,380	0	0	0	0
Net Adjustment for					
Expenditure Accruals	971,511	(67,063)	0	2,225	0
Advances Out	0	(3,380)	0	0	0
Encumbrances	(260,563)	(134,971)	0	(31,257)	0
Budget Basis	<u>(\$240,034)</u>	<u>(\$164,527)</u>	<u>\$111,849</u>	<u>(\$60,338)</u>	<u>(\$1,500)</u>

Net Income (Loss)/Excess of Revenues Over (Under) Expenses
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$37,015)	\$202,780
Net Adjustment for Revenue Accruals	13,540	0
Donated Commodities	10,350	0
Net Adjustment for Expense Accruals	64,406	(277,959)
Capital Outlay	(13,703)	0
Depreciation Expense	22,719	0
Encumbrances	(3,271)	0
Budget Basis	<u>\$57,026</u>	<u>(\$75,179)</u>

Note 4 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

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

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

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

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$2,269,267 and the bank balance was \$2,311,001. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$2,211,001 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department or agent in the School District's name and all State statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. Investments at June 30, 2002 consist of the following:

	<u>Fair Value</u>
STAROhio	<u><u>\$1,483,223</u></u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting". A reconciliation between the classifications of cash and investments in the combined financial statements and the classification per GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" is as follows:

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$3,752,490	\$0
Investments which are part of the cash management pool:		
STAROhio	(1,483,223)	1,483,223
Totals	\$2,269,267	\$1,483,223

Note 5 - 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 year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second Half Collections		2002 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$724,335,800	93.31%	\$747,328,780	93.52%
Public Utility Personal	25,459,179	3.28	21,240,630	2.66
Tangible Personal Property	26,445,510	3.41	30,539,440	3.82
	\$776,240,489	100.00%	\$799,108,850	100.00%
Tax Rate per \$1,000 of assessed valuation	\$58.70		\$58.20	

North Royalton City School District
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For the Fiscal Year Ended June 30, 2002

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Cuyahoga County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, public utility taxes and the late personal property tax settlement which became measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$4,385,433, \$3,802,609 was available to the general fund, \$450,384 was available to the bond retirement debt service fund and \$132,440 was available to the permanent improvement capital projects fund. The amount available as an advance at June 30, 2001, was \$1,820,769, \$1,571,131 was available to the general fund, \$195,174 was available to the bond retirement debt service fund and \$54,464 was available to the permanent improvement capital projects fund.

Note 6 - Receivables

Receivables at June 30, 2002 consisted of property taxes, accounts (rent, billings for user charged services, and tuition and fees), interfund, 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.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>General Fund:</i>	
Tuition	\$159,400
<i>Special Revenue Funds:</i>	
Eisenhower Math and Science Grant	1,384
Title VI-B	25,210
Title VI	2,152
Drug Free Schools	8,255
Class Size Reduction	1,828
<i>Total Special Revenue Funds</i>	38,829
<i>Total All Funds</i>	\$198,229

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 7 - Fixed Assets

A summary of the Proprietary Funds' fixed assets at June 30, 2002, follows:

	Enterprise
Furniture, Fixtures, and Equipment	\$604,657
Less: Accumulated Depreciation	(264,573)
Net Fixed Assets	\$340,084

A summary of the changes in general fixed assets during fiscal year 2002 follows:

	Balance 6/30/01	Additions	Deletions	Balance 6/30/02
Land	\$478,111	\$0	\$0	\$478,111
Buildings and Improvements	39,728,761	0	0	39,728,761
Furniture and Equipment	6,245,886	579,749	259,549	6,566,086
Textbooks and Library Books	2,325,510	494,444	0	2,819,954
Total	\$48,778,268	\$1,074,193	\$259,549	\$49,592,912

Note 8 - 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 2002, the School District contracted with various insurance companies through the Ohio Schools Council insurance program. The following is a summary of the School District's insurance coverage as of June 30, 2002:

Company	Coverage	Amount
Travelers Insurance Company	Broiler and Machinery	\$30,000,000
Indiana Insurance Company	Buildings and Contents - replacement costs	76,667,229
	Inland Marine Coverage	2,954,642
	Crime Insurance	250,000
	Automobile Liability	2,000,000
	Uninsured Motorists	50,000
	General Liability	
	Per occurrence	1,000,000
	Total per year	3,000,000

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

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

The School District is fully insured by participating in the Suburban Health Consortium, a shared risk pool (Note 15) to provide employee medical/surgical benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The School District's Board of Education pays the entire cost of a monthly premium for all full-time employees.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance or the Directors have the right to hold monies for an existing school district subsequent to the settlement of all expenses and claims.

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 \$11,933 reported in the internal service fund at June 30, 2002 is based on 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 2001 and 2002 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2001	\$240,455	\$2,587,727	\$2,547,009	\$281,173
2002	281,173	2,371,760	2,641,000	11,933

D. Workers' Compensation

The School District pays the State Self Insurance and 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 9 - Defined Benefit Pension Plans

A. School Employees Retirement System

North Royalton City 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 State statute per Chapter 3309 of the Ohio

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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, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 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 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was 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, 2002, 2001, and 2000 were \$266,282, \$194,003 and \$246,758 respectively; 52.28 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$127,067 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,531,929, \$1,460,414 and \$872,989, respectively; 81.86 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$277,904 represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

Note 10 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS) 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.

North Royalton City School District
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For the Fiscal Year Ended June 30, 2002

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$725,650 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. 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 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$466,636.

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 annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 58,800 participants receiving health care 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 earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators 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 will receive a severance benefit upon retirement limited to 25 percent of the accumulated sick leave to a maximum pay out of eighty days for classified employees and for certain administrators and certified employees, the maximum payout in days is determined by their individual contracts.

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

B. Life Insurance

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

Note 12 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
1993 School Improvement Bonds:			
Capital Appreciation Bonds	8.85% to 9.95%	\$1,145,000	2002 to 2005
Current Issue Term Bonds	5.65%	2,040,000	2008
1994 School Improvement Bonds:			
Current Interest Serial Bonds	3.85% to 5.5%	5,535,715	2002 to 2004
Capital Appreciation Bonds	9.5%	2,045,000	2007 to 2009
Current Issue Term Bonds	6.0% to 6.625%	16,410,000	2006 to 2019

Changes in long-term obligations of the School District during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
General Obligation Bonds:				
1993 School Improvement Bonds				
Capital Appreciation Bonds	\$2,493,592	\$124,638	\$575,000	\$2,043,230
Current Interest Term Bonds	2,040,000	0	0	2,040,000
1994 School Improvement Bonds				
Current Interest Serial Bonds	3,370,000	0	775,000	2,595,000
Capital Appreciation Bonds	1,954,930	120,976	0	2,075,906
Current Interest Term Bonds	16,410,000	0	0	16,410,000
Total General Obligation Bonds:	26,268,522	245,614	1,350,000	25,164,136
Other Long-Term Obligations:				
Compensated Absences	2,755,751	720,940	522,130	2,954,561
Pension Obligation	281,558	244,044	281,558	244,044
Total General Long-Term Obligations	\$29,305,831	\$1,210,598	\$2,153,688	\$28,362,741

The general obligation bonds will be paid from the debt service fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The 1993 and 1994 general obligation bonds include capital appreciation bonds. This year the addition on these bonds aggregating \$245,614 represents the accretion of discounted interest. The final maturity of these bonds are \$5,345,000.

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The School District's overall legal debt margin at June 30, 2002 was \$50,220,708 with an unvoted debt margin of \$799,109 at June 30, 2002. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2002, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2003	\$1,390,000	\$1,239,016	\$2,629,016
2004	1,435,000	1,193,931	2,628,931
2005	1,480,000	1,145,551	2,625,551
2006	1,530,000	1,088,727	2,618,727
2007	1,675,000	1,004,612	2,679,612
2008-2012	6,710,000	4,314,550	11,024,550
2013-2017	6,925,000	2,698,878	9,623,878
2018-2020	5,245,000	492,727	5,737,727
Totals	<u>\$26,390,000</u>	<u>\$13,177,992</u>	<u>\$39,567,992</u>

In 1993, the School District defeased a 1988 building improvement bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2002, \$2,897,063 of bonds outstanding were considered defeased.

Note 13 - 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 eleven member districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the LNOCA Board of Directors by its superintendent. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Directors. The School District paid \$113,045 for fiscal year 2002. 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 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 participants 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 2002. Financial

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

information can be obtained from the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio 44101.

Ohio Schools Council - The Ohio Schools' Council Association (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2002, the School District paid \$256,976 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary 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.

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 14 - 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

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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, 2002.

B. Litigation

As of June 30, 2002, the School District was a party to various legal proceedings, seeking damage or injunctive relief arising in the ordinary course of business. The ultimate disposition of these proceedings is not presently determinable. The School District carries adequate insurance coverage for most risks including property damage and personal liability and the School District's management does not believe that any potential claims not covered by such insurance would have a material effect on the financial condition of the School District.

Note 15 – Shared Risk Pool

The Suburban Health Consortium is a shared risk pool created in pursuant to State statute for the purpose of administering health care benefits. The council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the operation of the council. All council revenues are generated from the charges for services received from the participating schools districts, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part at any time for their School District. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance of the terms of the contract.

Note 16 - Set-Aside Calculations

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

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

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

	Capital	
	Textbooks	Improvements
Set-aside Reserve Balance as of June 30, 2001	(\$33,057)	\$0
Current Year Set-aside Requirement	534,043	534,043
Current Year Offsets	0	0
Qualifying Disbursements	(840,970)	(777,070)
Totals	<u>(\$339,984)</u>	<u>(\$243,027)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$339,984)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$0</u>	<u>\$0</u>

The School District has qualifying disbursements and offsets during the fiscal year that reduced the textbooks and the capital improvements set-aside amounts below zero. The negative set-aside balance for the textbooks may be used to reduce the set-aside requirement of future years. The negative set-aside balance for the capital improvements may not be used to reduce the set-aside requirements of future years. This negative balance is therefore not presented as being carried forward to future years.

Note 17 – Segment Information for Enterprise Funds

The School District maintains three enterprise funds to account for the operation of food service, uniform school supplies and rotary/bookstore. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2002.

	Food Service	Uniform School Supplies	Rotary/ Bookstore	Total
Operating Revenues	1,037,309	3,686	70,840	1,111,835
Depreciation	22,719	0	0	22,719
Operating Income (Loss)	(187,671)	1,542	16,437	(169,692)
Donated Commodities	44,921	0	0	44,921
Operating Grants	80,531	0	0	80,531
Interest	7,225	0	0	7,225
Net Income (Loss)	(54,994)	1,542	16,437	(37,015)
Net Working Capital	61,266	1,542	64,657	127,465
Total Assets	519,635	1,542	66,516	587,693
Fixed Assets Additions	12,204	0	1,499	13,703
Total Equity	399,851	1,542	66,156	467,549
Encumbrances	3,271	0	0	3,271

North Royalton City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 18 – State School Funding Decision

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

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

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

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted this request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

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

Note 19 – Subsequent Event

A. Fiscal Watch Declaration

On September 20, 2002, the School District was declared to be in a state of "Fiscal Watch" by the Auditor of State. New legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the new law, within sixty days of the Auditor's declaration of a fiscal watch, the board of education of the School District has to prepare and submit to the Superintendent of Public Instruction a financial plan outlining the steps the Board will take to eliminate the School District's current operating deficit and avoid future deficits. Once the plan has been approved, the Board of Education's discretion is limited in that all financial activity of the School District must be in accordance with the plan.

B. Levy Passage

On November 5, 2002, the School District passed a 5.5 mill operating levy that will generate \$4,400,000 to cover operating expenditures for five years.

General Fund

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

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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$22,595,552	\$22,595,552	\$0
Intergovernmental	8,948,104	8,948,104	0
Interest	129,243	129,243	0
Tuition and Fees	183,110	221,974	38,864
Extracurricular Activities	21,275	21,275	0
Rentals	32,650	32,650	0
Miscellaneous	70,892	94,097	23,205
	<u>31,980,826</u>	<u>32,042,895</u>	<u>62,069</u>
<i>Total Revenues</i>			
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	11,353,719	11,337,544	16,175
Fringe Benefits	3,896,020	3,893,914	2,106
Purchased Services	8,096	8,096	0
Materials and Supplies	445,417	445,417	0
Capital Outlay - New	10,091	10,091	0
Capital Outlay - Replacement	2,101	2,101	0
	<u>15,715,444</u>	<u>15,697,163</u>	<u>18,281</u>
Total Regular			
Special:			
Salaries and Wages	1,532,987	1,532,987	0
Fringe Benefits	467,814	467,814	0
Purchased Services	1,046,920	995,654	51,266
Materials and Supplies	9,952	9,952	0
Capital Outlay - New	5,555	5,555	0
	<u>3,063,228</u>	<u>3,011,962</u>	<u>51,266</u>
Total Special			
Vocational:			
Salaries and Wages	74,037	74,037	0
Fringe Benefits	26,206	26,206	0
Materials and Supplies	2,201	2,201	0
Capital Outlay - New	25,000	14,921	10,079
	<u>127,444</u>	<u>117,365</u>	<u>10,079</u>
Total Vocational			
Total Instruction	<u>\$18,906,116</u>	<u>\$18,826,490</u>	<u>\$79,626</u>

(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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Support Services:			
Pupils:			
Salaries and Wages	\$1,182,808	\$1,182,808	\$0
Fringe Benefits	371,213	371,213	0
Purchased Services	230,426	230,426	0
Materials and Supplies	70,925	70,925	0
	<u>1,855,372</u>	<u>1,855,372</u>	<u>0</u>
Total Pupils			
	<u>1,855,372</u>	<u>1,855,372</u>	<u>0</u>
Instructional Staff:			
Salaries and Wages	1,314,898	1,314,898	0
Fringe Benefits	392,613	392,613	0
Purchased Services	21,457	21,457	0
Materials and Supplies	43,413	43,413	0
Capital Outlay - New	991	991	0
	<u>1,773,372</u>	<u>1,773,372</u>	<u>0</u>
Total Instructional Staff			
	<u>1,773,372</u>	<u>1,773,372</u>	<u>0</u>
Board of Education:			
Salaries and Wages	7,200	7,200	0
Fringe Benefits	194	194	0
Purchased Services	5,203	5,203	0
Materials and Supplies	479	479	0
Other	4,071	4,071	0
	<u>17,147</u>	<u>17,147</u>	<u>0</u>
Total Board of Education			
	<u>17,147</u>	<u>17,147</u>	<u>0</u>
Administration:			
Salaries and Wages	1,566,649	1,566,649	0
Fringe Benefits	631,845	631,845	0
Purchased Services	527,363	527,363	0
Materials and Supplies	90,916	90,916	0
Other	2,425	2,425	0
	<u>2,819,198</u>	<u>2,819,198</u>	<u>0</u>
Total Administration			
	<u>2,819,198</u>	<u>2,819,198</u>	<u>0</u>
Fiscal:			
Salaries and Wages	298,770	298,770	0
Fringe Benefits	105,195	105,195	0
Purchased Services	9,164	9,164	0
Materials and Supplies	7,272	7,272	0
Capital Outlay - New	45	45	0
Other	389,843	389,843	0
	<u>\$810,289</u>	<u>\$810,289</u>	<u>\$0</u>
Total Fiscal			
	<u>\$810,289</u>	<u>\$810,289</u>	<u>\$0</u>

(continued)

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Business:			
Salaries and Wages	\$142,229	\$142,229	\$0
Fringe Benefits	69,441	69,441	0
Purchased Services	4,201	4,201	0
Materials and Supplies	45	45	0
Other	716	716	0
	<u>216,632</u>	<u>216,632</u>	<u>0</u>
Total Business			
Operation and Maintenance of Plant:			
Salaries and Wages	1,320,609	1,320,609	0
Fringe Benefits	437,408	437,408	0
Purchased Services	839,508	838,962	546
Materials and Supplies	246,996	246,996	0
Capital Outlay - New	10,093	10,093	0
	<u>2,854,614</u>	<u>2,854,068</u>	<u>546</u>
Total Operation and Maintenance of Plant			
Pupil Transportation:			
Salaries and Wages	992,771	992,771	0
Fringe Benefits	316,959	316,959	0
Purchased Services	387,843	369,495	18,348
Materials and Supplies	442,615	434,812	7,803
Capital Outlay - New	133,858	133,858	0
	<u>2,274,046</u>	<u>2,247,895</u>	<u>26,151</u>
Total Pupil Transportation			
Central:			
Salaries and Wages	67,627	67,627	0
Fringe Benefits	5,359	5,359	0
Purchased Services	143,275	143,275	0
Materials and Supplies	10,789	10,789	0
	<u>227,050</u>	<u>227,050</u>	<u>0</u>
Total Central			
Total Support Services			
	<u>12,847,720</u>	<u>12,821,023</u>	<u>26,697</u>
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	28,126	28,126	0
Fringe Benefits	10,178	10,178	0
Purchased Services	46,237	46,237	0
Materials and Supplies	204	204	0
	<u>\$84,745</u>	<u>\$84,745</u>	<u>\$0</u>
Total Operation of Non-Instructional Services			

(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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Extracurricular Activities:			
Academic Oriented Activities:			
Salaries and Wages	\$153,223	\$153,223	\$0
Fringe Benefits	<u>1,388</u>	<u>1,388</u>	<u>0</u>
Total Academic Oriented Activities	<u>154,611</u>	<u>154,611</u>	<u>0</u>
Sport Oriented Activities:			
Salaries and Wages	346,490	346,490	0
Fringe Benefits	4,591	4,591	0
Purchased Services	<u>20,839</u>	<u>20,839</u>	<u>0</u>
Total Sport Oriented Activities	<u>371,920</u>	<u>371,920</u>	<u>0</u>
Total Extracurricular Activities	<u>526,531</u>	<u>526,531</u>	<u>0</u>
<i>Total Expenditures</i>	<u>32,365,112</u>	<u>32,258,789</u>	<u>106,323</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(384,286)</u>	<u>(215,894)</u>	<u>168,392</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	7,980	7,980	0
Advances In	3,380	3,380	0
Operating Transfers Out	<u>(35,500)</u>	<u>(35,500)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(24,140)</u>	<u>(24,140)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(408,426)	(240,034)	168,392
<i>Fund Balance Beginning of Year</i>	353,105	353,105	0
Prior Year Encumbrances Appropriated	<u>197,871</u>	<u>197,871</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$142,550</u></u>	<u><u>\$310,942</u></u>	<u><u>\$168,392</u></u>

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 special revenue funds:

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

Athletics 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.

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.

Professional Development Fund - To account for State monies in support of locally developed professional development programs.

Peer Assistance Fund - To account for State monies in support of new teacher mentoring programs.

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

Network Connectivity Fund - To account for State monies which are used to establish and maintain network lines within the District's facilities.

School Net 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.

Summer Intervention Fund - To account for State monies used for costs relating to summer school teachers.

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

Eisenhower Math and Science Grant Fund - To account for Federal monies used for strengthening instruction in science, mathematics, modern foreign languages, English, the arts, and computer training.

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.

Refugee Children School Fund - To account for Federal revenues relating to educational and social services for eligible immigrant students.

(continued)

Special Revenue Funds (continued)

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

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

Preschool 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 Fund - To account for various monies to hire additional classroom teachers so the number of students per teacher will be reduced.

North Royalton City School District

Combining Balance Sheet

All Special Revenue Funds

June 30, 2002

	<u>Local Grants</u>	<u>Athletics</u>	<u>Auxiliary Services</u>	<u>Educational Management Information Systems</u>	<u>Network Connectivity</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$161,751	\$68,246	\$199,723	\$16,067	\$9,137
Intergovernmental Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$161,751</u></u>	<u><u>\$68,246</u></u>	<u><u>\$199,723</u></u>	<u><u>\$16,067</u></u>	<u><u>\$9,137</u></u>
Liabilities					
Accounts Payable	\$605	\$26,399	\$76,971	\$0	\$0
Intergovernmental Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
Interfund Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>605</u>	<u>26,399</u>	<u>76,971</u>	<u>0</u>	<u>0</u>
Fund Equity					
Fund Balance:					
Reserved for Encumbrances	2,726	2,379	39,635	0	0
Unreserved, Undesignated	<u>158,420</u>	<u>39,468</u>	<u>83,117</u>	<u>16,067</u>	<u>9,137</u>
<i>Total Fund Equity</i>	<u>161,146</u>	<u>41,847</u>	<u>122,752</u>	<u>16,067</u>	<u>9,137</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$161,751</u></u>	<u><u>\$68,246</u></u>	<u><u>\$199,723</u></u>	<u><u>\$16,067</u></u>	<u><u>\$9,137</u></u>

(continued)

North Royalton City School District

Combining Balance Sheet

All Special Revenue Funds (continued)

June 30, 2002

	<u>School Net Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Entry Year Program</u>	<u>Eisenhower Math and Science Grant</u>	<u>Title VI-B</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$6,203	\$6,628	\$969	\$4,187	\$12,046
Intergovernmental Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,384</u>	<u>25,210</u>
<i>Total Assets</i>	<u><u>\$6,203</u></u>	<u><u>\$6,628</u></u>	<u><u>\$969</u></u>	<u><u>\$5,571</u></u>	<u><u>\$37,256</u></u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Intergovernmental Payable	11	100	322	7	851
Deferred Revenue	0	0	0	1,384	25,210
Interfund Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>11</u>	<u>100</u>	<u>322</u>	<u>1,391</u>	<u>26,061</u>
Fund Equity					
Fund Balance:					
Reserved for Encumbrances	95	23	0	125	0
Unreserved, Undesignated	<u>6,097</u>	<u>6,505</u>	<u>647</u>	<u>4,055</u>	<u>11,195</u>
<i>Total Fund Equity</i>	<u>6,192</u>	<u>6,528</u>	<u>647</u>	<u>4,180</u>	<u>11,195</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$6,203</u></u>	<u><u>\$6,628</u></u>	<u><u>\$969</u></u>	<u><u>\$5,571</u></u>	<u><u>\$37,256</u></u>

Refugee Children School	Title VI	Drug Free Schools	Preschool	Class Size Reduction	Totals
\$2,366	\$13,529	\$1,268	\$2,428	\$8,920	\$513,468
0	2,152	8,255	0	1,828	38,829
<u>\$2,366</u>	<u>\$15,681</u>	<u>\$9,523</u>	<u>\$2,428</u>	<u>\$10,748</u>	<u>\$552,297</u>
\$0	\$0	\$0	\$0	\$0	\$103,975
0	3	80	102	296	1,772
0	2,152	8,255	0	1,828	38,829
0	0	0	0	6	6
<u>0</u>	<u>2,155</u>	<u>8,335</u>	<u>102</u>	<u>2,130</u>	<u>144,582</u>
0	0	650	0	0	45,633
2,366	13,526	538	2,326	8,618	362,082
<u>2,366</u>	<u>13,526</u>	<u>1,188</u>	<u>2,326</u>	<u>8,618</u>	<u>407,715</u>
<u>\$2,366</u>	<u>\$15,681</u>	<u>\$9,523</u>	<u>\$2,428</u>	<u>\$10,748</u>	<u>\$552,297</u>

North Royalton City School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2002*

	Local Grants	Athletics	Auxiliary Services	Professional Development	Peer Assistance	Educational Management Information Systems
Revenues						
Intergovernmental	\$0	\$0	\$472,553	\$0	\$114	\$16,067
Interest	0	0	7,321	0	0	0
Extracurricular Activities	0	182,310	0	0	0	0
Contributions and Donations	44,514	24,408	0	0	0	0
Charges for Services	0	1,507	0	0	0	0
Rentals	0	2,080	0	0	0	0
<i>Total Revenues</i>	<u>44,514</u>	<u>210,305</u>	<u>479,874</u>	<u>0</u>	<u>114</u>	<u>16,067</u>
Expenditures						
Current:						
Instruction:						
Regular	1,019	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	7,808	0	0	2,396	0	0
Fiscal	0	0	0	0	0	4,518
Operation and Maintenance of Plant	15,950	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Operation of Non-Instructional Services	0	0	529,690	0	0	0
Extracurricular Activities	0	221,237	0	0	0	0
<i>Total Expenditures</i>	<u>24,777</u>	<u>221,237</u>	<u>529,690</u>	<u>2,396</u>	<u>0</u>	<u>4,518</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	19,737	(10,932)	(49,816)	(2,396)	114	11,549
Other Financing Sources						
Operating Transfers In	0	35,500	0	0	0	0
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	19,737	24,568	(49,816)	(2,396)	114	11,549
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>141,409</u>	<u>17,279</u>	<u>172,568</u>	<u>2,396</u>	<u>(114)</u>	<u>4,518</u>
<i>Fund Balances End of Year</i>	<u><u>\$161,146</u></u>	<u><u>\$41,847</u></u>	<u><u>\$122,752</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$16,067</u></u>

Network Connectivity	School Net Professional Development	Ohio Reads Grant	Summer Intervention	Entry Year Program	Eisenhower Math and Science Grant	Title VI-B	Refugee Children School
\$17,500	\$7,592	\$26,802	\$0	\$24,000	\$13,568	\$249,990	\$3,150
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
17,500	7,592	26,802	0	24,000	13,568	249,990	3,150
9,549	4,101	17,410	3,263	24,080	0	0	3,934
0	0	0	0	0	0	0	0
0	719	123	0	0	13,169	223,191	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	2,741	0	0	0	0	0
0	0	0	0	0	0	25,976	0
0	0	0	0	0	0	0	0
9,549	4,820	20,274	3,263	24,080	13,169	249,167	3,934
7,951	2,772	6,528	(3,263)	(80)	399	823	(784)
0	0	0	0	0	0	0	0
7,951	2,772	6,528	(3,263)	(80)	399	823	(784)
1,186	3,420	0	3,263	727	3,781	10,372	3,150
\$9,137	\$6,192	\$6,528	\$0	\$647	\$4,180	\$11,195	\$2,366

(continued)

North Royalton City School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2002*

	Title VI	Drug Free Schools	Preschool	Class Size Reduction	Totals
Revenues					
Intergovernmental	\$31,766	\$16,092	\$17,542	\$39,327	\$936,063
Interest	0	0	0	0	7,321
Extracurricular Activities	0	0	0	0	182,310
Contributions and Donations	0	0	0	0	68,922
Charges for Services	0	0	0	0	1,507
Rentals	0	0	0	0	2,080
<i>Total Revenues</i>	<u>31,766</u>	<u>16,092</u>	<u>17,542</u>	<u>39,327</u>	<u>1,198,203</u>
Expenditures					
Current:					
Instruction:					
Regular	21,373	12,216	0	30,107	127,052
Support Services:					
Pupils	0	235	2,450	0	2,685
Instructional Staff	204	0	12,695	0	260,305
Fiscal	0	0	0	0	4,518
Operation and Maintenance of Plant	0	0	0	0	15,950
Pupil Transportation	0	0	0	0	2,741
Operation of Non-Instructional Services	347	0	0	0	556,013
Extracurricular Activities	0	0	0	0	221,237
<i>Total Expenditures</i>	<u>21,924</u>	<u>12,451</u>	<u>15,145</u>	<u>30,107</u>	<u>1,190,501</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	9,842	3,641	2,397	9,220	7,702
Other Financing Sources					
Operating Transfers In	0	0	0	0	35,500
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	9,842	3,641	2,397	9,220	43,202
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>3,684</u>	<u>(2,453)</u>	<u>(71)</u>	<u>(602)</u>	<u>364,513</u>
<i>Fund Balances End of Year</i>	<u><u>\$13,526</u></u>	<u><u>\$1,188</u></u>	<u><u>\$2,326</u></u>	<u><u>\$8,618</u></u>	<u><u>\$407,715</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Grants Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Contributions and Donations	\$44,514	\$44,514	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	416	416	0
Materials and Supplies	2,140	1,140	1,000
Total Instruction	2,556	1,556	1,000
Support Services:			
Instructional Staff:			
Materials and Supplies	7,808	7,808	0
Operation and Maintenance of Plant:			
Purchased Services	4,600	4,600	0
Materials and Supplies	13,226	13,226	0
Capital Outlay - New	710	710	0
Total Operation and Maintenance of Plant	18,536	18,536	0
Total Support Services	26,344	26,344	0
<i>Total Expenditures</i>	28,900	27,900	1,000
<i>Excess of Revenues Over Expenditures</i>	15,614	16,614	1,000
<i>Fund Balance Beginning of Year</i>	134,928	134,928	0
Prior Year Encumbrances Appropriated	7,017	7,017	0
<i>Fund Balance End of Year</i>	\$157,559	\$158,559	\$1,000

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Athletics Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Extracurricular Activities	\$182,310	\$182,310	\$0
Contributions and Donations	24,038	24,408	370
Charges for Services	1,507	1,507	0
Rentals	2,080	2,080	0
<i>Total Revenues</i>	<u>209,935</u>	<u>210,305</u>	<u>370</u>
Expenditures			
Current:			
Extracurricular Activities:			
Occupation Oriented Activities:			
Materials and Supplies	3,634	3,634	0
Capital Outlay - New	984	984	0
Other	1,731	1,731	0
Total Occupation Oriented Activities	<u>6,349</u>	<u>6,349</u>	<u>0</u>
Sport Oriented Activities:			
Purchased Services	47,473	47,473	0
Materials and Supplies	51,103	51,103	0
Capital Outlay - New	35,452	35,452	0
Other	106,238	105,278	960
Total Sport Oriented Activities	<u>240,266</u>	<u>239,306</u>	<u>960</u>
<i>Total Expenditures</i>	<u>246,615</u>	<u>245,655</u>	<u>960</u>
<i>Excess of Revenues Under Expenditures</i>	(36,680)	(35,350)	1,330
Other Financing Sources			
Operating Transfers In	35,500	35,500	0
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	(1,180)	150	1,330
<i>Fund Balance Beginning of Year</i>	40,876	40,876	0
Prior Year Encumbrances Appropriated	12,607	12,607	0
<i>Fund Balance End of Year</i>	<u><u>\$52,303</u></u>	<u><u>\$53,633</u></u>	<u><u>\$1,330</u></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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$472,553	\$472,553	\$0
Interest	5,889	7,321	1,432
<i>Total Revenues</i>	<u>478,442</u>	<u>479,874</u>	<u>1,432</u>
Expenditures			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	230,970	230,970	0
Materials and Supplies	427,280	427,280	0
Capital Outlay - New	14,355	14,355	0
Other	35	35	0
<i>Total Expenditures</i>	<u>672,640</u>	<u>672,640</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(194,198)	(192,766)	1,432
<i>Fund Balance Beginning of Year</i>	78,475	78,475	0
Prior Year Encumbrances Appropriated	<u>197,742</u>	<u>197,742</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$82,019</u></u>	<u><u>\$83,451</u></u>	<u><u>\$1,432</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Professional Development Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	3,580	3,580	0
Materials and Supplies	<u>5</u>	<u>5</u>	<u>0</u>
<i>Total Expenditures</i>	<u>3,585</u>	<u>3,585</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(3,585)	(3,585)	0
<i>Fund Balance Beginning of Year</i>	2,385	2,385	0
Prior Year Encumbrances Appropriated	<u>1,200</u>	<u>1,200</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Peer Assistance Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	2,201	2,201	0
<i>Excess of Revenues Under Expenditures</i>	(2,201)	(2,201)	0
<i>Fund Balance Beginning of Year</i>	2,201	2,201	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
Educational Management Information Systems Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental	<u>\$16,067</u>	<u>\$16,067</u>	<u>\$0</u>
Expenditures			
Current:			
Support Services:			
Pupils:			
Capital Outlay - New	<u>8,987</u>	<u>8,987</u>	<u>0</u>
Fiscal:			
Purchased Services	2,208	2,208	0
Capital Outlay - New	<u>2,310</u>	<u>2,310</u>	<u>0</u>
Total Fiscal	<u>4,518</u>	<u>4,518</u>	<u>0</u>
<i>Total Expenditures</i>	<u>13,505</u>	<u>13,505</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	2,562	2,562	0
<i>Fund Balance Beginning of Year</i>	4,518	4,518	0
Prior Year Encumbrances Appropriated	<u>8,987</u>	<u>8,987</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$16,067</u></u>	<u><u>\$16,067</u></u>	<u><u>\$0</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Network Connectivity Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$17,500	\$17,500	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Capital Outlay - New	21,549	21,549	0
<i>Excess of Revenues Under Expenditures</i>	(4,049)	(4,049)	0
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	13,185	13,185	0
<i>Fund Balance End of Year</i>	\$9,136	\$9,136	\$0

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Professional Development Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental	\$4,142	\$7,592	\$3,450
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	2,286	2,286	0
Purchased Services	308	308	0
Materials and Supplies	1,610	1,610	0
	<u> </u>	<u> </u>	<u> </u>
Total Instruction	4,204	4,204	0
Support Services:			
Instructional Staff:			
Salaries and Wages	707	707	0
	<u> </u>	<u> </u>	<u> </u>
<i>Total Expenditures</i>	<u>4,911</u>	<u>4,911</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(769)	2,681	3,450
<i>Fund Balance Beginning of Year</i>	<u>3,428</u>	<u>3,428</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,659</u></u>	<u><u>\$6,109</u></u>	<u><u>\$3,450</u></u>

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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$26,802	\$26,802	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	4,644	4,644	0
Purchased Services	27	27	0
Materials and Supplies	12,700	12,700	0
Total Instruction	17,371	17,371	0
Support Services:			
Instructional Staff:			
Salaries and Wages	121	121	0
Pupil Transportation:			
Salaries and Wages	2,705	2,705	0
Total Support Services	2,826	2,826	0
<i>Total Expenditures</i>	20,197	20,197	0
<i>Excess of Revenues Over Expenditures</i>	6,605	6,605	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$6,605	\$6,605	\$0

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Summer Intervention Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Materials and Supplies	8,065	8,065	0
<i>Excess of Revenues Under Expenditures</i>	(8,065)	(8,065)	0
<i>Fund Balance Beginning of Year</i>	3,293	3,293	0
Prior Year Encumbrances Appropriated	4,772	4,772	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
Entry Year Program Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$24,000	\$24,000	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	24,000	24,000	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	969	969	0
<i>Fund Balance End of Year</i>	\$969	\$969	\$0

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Eisenhower Math and Science Grant Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$13,568	\$13,568	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	553	553	0
Purchased Services	11,183	11,183	0
Materials and Supplies	4,145	4,145	0
<i>Total Expenditures</i>	15,881	15,881	0
<i>Excess of Revenues Under Expenditures</i>	(2,313)	(2,313)	0
<i>Fund Balance Beginning of Year</i>	3,781	3,781	0
Prior Year Encumbrances Appropriated	2,593	2,593	0
<i>Fund Balance End of Year</i>	\$4,061	\$4,061	\$0

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI-B Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$249,990	\$249,990	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	218,942	218,942	0
Capital Outlay - New	4,589	4,589	0
Total Instructional Staff	223,531	223,531	0
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	25,976	25,976	0
<i>Total Expenditures</i>	249,507	249,507	0
<i>Excess of Revenues Over Expenditures</i>	483	483	0
<i>Fund Balance Beginning of Year</i>	11,563	11,563	0
<i>Fund Balance End of Year</i>	\$12,046	\$12,046	\$0

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Refugee Children School Fund
For the Fiscal Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$3,150	\$3,150	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Materials and Supplies	<u>3,934</u>	<u>3,934</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(784)	(784)	0
<i>Fund Balance Beginning of Year</i>	<u>3,150</u>	<u>3,150</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,366</u></u>	<u><u>\$2,366</u></u>	<u><u>\$0</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$31,766	\$31,766	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	52	52	0
Purchased Services	1,859	1,859	0
Materials and Supplies	10,456	10,456	0
Capital Outlay - New	9,003	9,003	0
Total Instruction	21,370	21,370	0
Support Services:			
Instructional Staff:			
Salaries and Wages	204	204	0
Operation of Non-Instructional Services:			
Community Services:			
Materials and Supplies	347	347	0
<i>Total Expenditures</i>	21,921	21,921	0
<i>Excess of Revenues Over Expenditures</i>	9,845	9,845	0
<i>Fund Balance Beginning of Year</i>	3,459	3,459	0
Prior Year Encumbrances Appropriated	226	226	0
<i>Fund Balance End of Year</i>	\$13,530	\$13,530	\$0

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Free Schools Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$16,092	\$16,092	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	5,886	5,886	0
Purchased Services	4,829	4,829	0
Materials and Supplies	3,194	3,194	0
Total Instruction	13,909	13,909	0
Support Services:			
Pupils:			
Salaries and Wages	235	235	0
Total Expenditures	14,144	14,144	0
Excess of Revenues Over Expenditures	1,948	1,948	0
Other Financing Uses			
Advances Out	(3,000)	(3,000)	0
Excess of Revenues Under Expenditures and Other Financing Uses	(1,052)	(1,052)	0
Fund Balance Beginning of Year	3	3	0
Prior Year Encumbrances Appropriated	1,666	1,666	0
Fund Balance End of Year	\$617	\$617	\$0

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Preschool Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$17,542	\$17,542	\$0
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	2,449	2,449	0
Instructional Staff:			
Salaries and Wages	12,665	12,665	0
<i>Total Expenditures</i>	15,114	15,114	0
<i>Excess of Revenues Over Expenditures</i>	2,428	2,428	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$2,428	\$2,428	\$0

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Class Size Reduction Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$39,327	\$39,327	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	29,598	29,598	0
Fringe Benefits	429	429	0
<i>Total Expenditures</i>	<u>30,027</u>	<u>30,027</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	9,300	9,300	0
Other Financing Uses			
Advances Out	(380)	(380)	0
<i>Excess of Revenues Over Expenditures and Other Financing Uses</i>	8,920	8,920	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,920</u></u>	<u><u>\$8,920</u></u>	<u><u>\$0</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$932,499	\$935,949	\$3,450
Interest	5,889	7,321	1,432
Extracurricular Activities	182,310	182,310	0
Contributions and Donations	68,552	68,922	370
Charges for Services	1,507	1,507	0
Rentals	2,080	2,080	0
<i>Total Revenues</i>	<u>1,192,837</u>	<u>1,198,089</u>	<u>5,252</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	69,083	69,083	0
Fringe Benefits	429	429	0
Purchased Services	7,023	7,023	0
Materials and Supplies	42,099	41,099	1,000
Capital Outlay - New	30,552	30,552	0
Total Instruction	<u>149,186</u>	<u>148,186</u>	<u>1,000</u>
Support Services:			
Pupils:			
Salaries and Wages	235	235	0
Purchased Services	2,449	2,449	0
Capital Outlay - New	8,987	8,987	0
Total Pupils	<u>11,671</u>	<u>11,671</u>	<u>0</u>
Instructional Staff:			
Salaries and Wages	233,192	233,192	0
Purchased Services	14,763	14,763	0
Materials and Supplies	11,958	11,958	0
Capital Outlay - New	4,589	4,589	0
Total Instructional Staff	<u>264,502</u>	<u>264,502</u>	<u>0</u>
Fiscal:			
Purchased Services	2,208	2,208	0
Capital Outlay - New	2,310	2,310	0
Total Fiscal	<u>\$4,518</u>	<u>\$4,518</u>	<u>\$0</u>

(continued)

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation and Maintenance of Plant:			
Purchased Services	\$4,600	\$4,600	\$0
Materials and Supplies	13,226	13,226	0
Capital Outlay - New	710	710	0
Total Operation and Maintenance of Plant	<u>18,536</u>	<u>18,536</u>	<u>0</u>
Pupil Transportation:			
Salaries and Wages	2,705	2,705	0
Total Support Services	<u>301,932</u>	<u>301,932</u>	<u>0</u>
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	25,976	25,976	0
Purchased Services	230,970	230,970	0
Materials and Supplies	427,627	427,627	0
Capital Outlay - New	14,355	14,355	0
Other	35	35	0
Total Operation of Non-Instructional Services	<u>698,963</u>	<u>698,963</u>	<u>0</u>
Extracurricular Activities:			
Occupation Oriented Activities:			
Materials and Supplies	3,634	3,634	0
Capital Outlay - New	984	984	0
Other	1,731	1,731	0
Total Occupation Oriented Activities	<u>6,349</u>	<u>6,349</u>	<u>0</u>
Sports Oriented Activities:			
Purchased Services	47,473	47,473	0
Materials and Supplies	51,103	51,103	0
Capital Outlay - New	35,452	35,452	0
Other	106,238	105,278	960
Total Sports Oriented Activities	<u>240,266</u>	<u>239,306</u>	<u>960</u>
Total Extracurricular Activities	<u>246,615</u>	<u>245,655</u>	<u>960</u>
<i>Total Expenditures</i>	<u>1,396,696</u>	<u>1,394,736</u>	<u>1,960</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(\$203,859)</u>	<u>(\$196,647)</u>	<u>\$7,212</u>

(continued)

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses)			
Advances Out	(\$3,380)	(\$3,380)	\$0
Operating Transfers In	35,500	35,500	0
<i>Total Other Financing Sources (Uses)</i>	<u>32,120</u>	<u>32,120</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(171,739)	(164,527)	7,212
<i>Fund Balances Beginning of Year</i>	293,029	293,029	0
Prior Year Encumbrances Appropriated	<u>249,995</u>	<u>249,995</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$371,285</u></u>	<u><u>\$378,497</u></u>	<u><u>\$7,212</u></u>

Debt Service Fund

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

Since there is only one Debt Service Fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented here.

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Following is a description of the School District's 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 the receipts and expenditures related to all special construction bond funds in the School District. Expenditures recorded here represent the costs for construction, enlarging, extending, rehabilitating, renovating, remodeling and improving School District building and sites, and equipment and furnishing.

School Net 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

All Capital Projects Funds

June 30, 2002

	<u>Permanent Improvement</u>	<u>School Net Plus</u>	<u>Totals</u>
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$45,327	\$12,500	\$57,827
Taxes Receivable	<u>878,462</u>	<u>0</u>	<u>878,462</u>
<i>Total Assets</i>	<u><u>\$923,789</u></u>	<u><u>\$12,500</u></u>	<u><u>\$936,289</u></u>
Liabilities			
Accounts Payable	\$11,930	\$0	\$11,930
Contracts Payable	5,939	0	5,939
Deferred Revenue	<u>738,237</u>	<u>0</u>	<u>738,237</u>
<i>Total Liabilities</i>	<u>756,106</u>	<u>0</u>	<u>756,106</u>
Fund Equity			
Fund Balance:			
Reserved for Encumbrances	26,482	0	26,482
Reserved for Property Tax Advance	132,440	0	132,440
Unreserved, Undesignated	<u>8,761</u>	<u>12,500</u>	<u>21,261</u>
<i>Total Fund Equity</i>	<u>167,683</u>	<u>12,500</u>	<u>180,183</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$923,789</u></u>	<u><u>\$12,500</u></u>	<u><u>\$936,289</u></u>

North Royalton City School District
*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Capital Projects Funds
For the Fiscal Year Ended June 30, 2002*

	<u>Permanent Improvement</u>	<u>Building</u>	<u>School Net Plus</u>	<u>Totals</u>
Revenues				
Taxes	\$780,376	\$0	\$0	\$780,376
Intergovernmental	89,402	0	0	89,402
Interest	0	2,665	0	2,665
<i>Total Revenues</i>	869,778	2,665	0	872,443
Expenditures				
Capital Outlay	785,943	25,495	6,550	817,988
<i>Excess of Revenues Over (Under) Expenditures</i>	83,835	(22,830)	(6,550)	54,455
<i>Fund Balances Beginning of Year</i>	83,848	22,830	19,050	125,728
<i>Fund Balances End of Year</i>	<u>\$167,683</u>	<u>\$0</u>	<u>\$12,500</u>	<u>\$180,183</u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$694,615	\$694,615	\$0
Intergovernmental	88,353	89,402	1,049
<i>Total Revenues</i>	<u>782,968</u>	<u>784,017</u>	<u>1,049</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Materials and Supplies	127,383	127,383	0
Capital Outlay - New	182,852	182,852	0
Total Instruction	<u>310,235</u>	<u>310,235</u>	<u>0</u>
Support Services:			
Administration:			
Materials and Supplies	6,064	6,064	0
Capital Outlay - New	6,711	6,711	0
Total Administration	<u>12,775</u>	<u>12,775</u>	<u>0</u>
Operation and Maintenance of Plant:			
Purchased Services	186,578	186,578	0
Materials and Supplies	2,780	2,780	0
Total Operation and Maintenance of Plant	<u>189,358</u>	<u>189,358</u>	<u>0</u>
Pupil Transportation:			
Capital Outlay - New	288,188	288,188	0
Total Support Services	<u>490,321</u>	<u>490,321</u>	<u>0</u>
<i>Total Expenditures</i>	<u>800,556</u>	<u>800,556</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(17,588)	(16,539)	1,049
<i>Fund Balance Beginning of Year</i>	6,065	6,065	0
Prior Year Encumbrances Appropriated	<u>24,544</u>	<u>24,544</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$13,021</u></u>	<u><u>\$14,070</u></u>	<u><u>\$1,049</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$2,665	\$2,665	\$0
Expenditures			
Current:			
Support Services:			
Fiscal:			
Other	123	123	0
Capital Outlay:			
Building Acquisition and Construction Services:			
Materials and Supplies	232	232	0
Capital Outlay - New	24,560	24,560	0
Total Building Acquisition and Construction Services	24,792	24,792	0
Building Improvement Services:			
Purchased Services	580	580	0
Total Capital Outlay	25,372	25,372	0
<i>Total Expenditures</i>	25,495	25,495	0
<i>Excess of Revenues Under Expenditures</i>	(22,830)	(22,830)	0
<i>Fund Balance Beginning of Year</i>	3,884	3,884	0
Prior Year Encumbrances Appropriated	18,946	18,946	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
School Net Plus Fund
For the Fiscal Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Capital Outlay - New	<u>20,969</u>	<u>20,969</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(20,969)	(20,969)	0
<i>Fund Balance Beginning of Year</i>	12,500	12,500	0
Prior Year Encumbrances Appropriated	<u>20,969</u>	<u>20,969</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,500</u></u>	<u><u>\$12,500</u></u>	<u><u>\$0</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Capital Projects Funds
For the Fiscal Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$694,615	\$694,615	\$0
Intergovernmental	88,353	89,402	1,049
Interest	<u>2,665</u>	<u>2,665</u>	<u>0</u>
<i>Total Revenues</i>	<u>785,633</u>	<u>786,682</u>	<u>1,049</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Materials and Supplies	127,383	127,383	0
Capital Outlay - New	<u>203,821</u>	<u>203,821</u>	<u>0</u>
Total Instruction	<u>331,204</u>	<u>331,204</u>	<u>0</u>
Support Services:			
Administration:			
Materials and Supplies	6,064	6,064	0
Capital Outlay - New	<u>6,711</u>	<u>6,711</u>	<u>0</u>
Total Administration	<u>12,775</u>	<u>12,775</u>	<u>0</u>
Fiscal:			
Other	<u>123</u>	<u>123</u>	<u>0</u>
Operation and Maintenance of Plant:			
Purchased Services	186,578	186,578	0
Materials and Supplies	<u>2,780</u>	<u>2,780</u>	<u>0</u>
Total Operation and Maintenance of Plant	<u>189,358</u>	<u>189,358</u>	<u>0</u>
Pupil Transportation:			
Capital Outlay - New	<u>288,188</u>	<u>288,188</u>	<u>0</u>
Total Support Services	<u>\$490,444</u>	<u>\$490,444</u>	<u>\$0</u>

(continued)

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Capital Projects Funds (continued)
For the Fiscal Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Capital Outlay:			
Building Acquisition and Construction Services:			
Materials and Supplies	\$232	\$232	\$0
Capital Outlay - New	<u>24,560</u>	<u>24,560</u>	<u>0</u>
Total Building Acquisition and Construction Services	24,792	24,792	0
Building Improvement Services:			
Purchased Services	<u>580</u>	<u>580</u>	<u>0</u>
Total Capital Outlay	<u>25,372</u>	<u>25,372</u>	<u>0</u>
<i>Total Expenditures</i>	<u>847,020</u>	<u>847,020</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(61,387)	(60,338)	1,049
<i>Fund Balances Beginning of Year</i>	22,449	22,449	0
Prior Year Encumbrances Appropriated	<u>64,459</u>	<u>64,459</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$25,521</u>	<u>\$26,570</u>	<u>\$1,049</u>

Enterprise Funds

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Following is a description of the School District's enterprise funds:

Food Service Fund - To account for financial activity related to the food service operations of the School District.

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

Rotary/Bookstore Fund - To account for all revenues and expenses related to the following activities: high school bookstore, evening school, Saturday enrichment, summer school, and Safety Town.

North Royalton City School District

Combining Balance Sheet

All Enterprise Funds

June 30, 2002

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Rotary/ Bookstore</u>	<u>Totals</u>
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$164,324	\$1,542	\$65,017	\$230,883
Inventory Held For Resale	<u>16,726</u>	<u>0</u>	<u>0</u>	<u>16,726</u>
<i>Total Current Assets</i>	181,050	1,542	65,017	247,609
<i>Non-Current Assets</i>				
Fixed Assets (net of accumulated depreciation)	<u>338,585</u>	<u>0</u>	<u>1,499</u>	<u>340,084</u>
<i>Total Assets</i>	<u><u>\$519,635</u></u>	<u><u>\$1,542</u></u>	<u><u>\$66,516</u></u>	<u><u>\$587,693</u></u>
 Liabilities				
Accounts Payable	\$1,137	\$0	\$0	\$1,137
Accrued Wages and Benefits	25,263	0	0	25,263
Compensated Absences Payable	37,810	0	0	37,810
Intergovernmental Payable	<u>55,574</u>	<u>0</u>	<u>360</u>	<u>55,934</u>
<i>Total Liabilities</i>	<u>119,784</u>	<u>0</u>	<u>360</u>	<u>120,144</u>
 Fund Equity				
Contributed Capital	254,269	0	0	254,269
Retained Earnings: Unreserved	<u>145,582</u>	<u>1,542</u>	<u>66,156</u>	<u>213,280</u>
<i>Total Fund Equity</i>	<u>399,851</u>	<u>1,542</u>	<u>66,156</u>	<u>467,549</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$519,635</u></u>	<u><u>\$1,542</u></u>	<u><u>\$66,516</u></u>	<u><u>\$587,693</u></u>

North Royalton City School District
*Combining Statement of Revenues,
Expenses and Changes in Fund Equity
All Enterprise Funds
For the Fiscal Year Ended June 30, 2002*

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Rotary/ Bookstore</u>	<u>Totals</u>
Operating Revenues				
Sales	\$1,037,309	\$3,686	\$17,151	\$1,058,146
Tuition and Fees	0	0	47,740	47,740
Miscellaneous	0	0	5,949	5,949
<i>Total Operating Revenues</i>	<u>1,037,309</u>	<u>3,686</u>	<u>70,840</u>	<u>1,111,835</u>
Operating Expenses				
Salaries and Wages	490,086	0	35,691	525,777
Fringe Benefits	102,876	0	516	103,392
Purchased Services	14,397	0	575	14,972
Materials and Supplies	259,452	915	11,544	271,911
Cost of Sales	335,450	1,229	5,717	342,396
Other	0	0	360	360
Depreciation	22,719	0	0	22,719
<i>Total Operating Expenses</i>	<u>1,224,980</u>	<u>2,144</u>	<u>54,403</u>	<u>1,281,527</u>
<i>Operating Income (Loss)</i>	<u>(187,671)</u>	<u>1,542</u>	<u>16,437</u>	<u>(169,692)</u>
Non-Operating Revenues				
Federal Donated Commodities	44,921	0	0	44,921
Operating Grants	80,531	0	0	80,531
Interest	7,225	0	0	7,225
<i>Total Non-Operating Revenues</i>	<u>132,677</u>	<u>0</u>	<u>0</u>	<u>132,677</u>
<i>Net Income (Loss)</i>	<u>(54,994)</u>	<u>1,542</u>	<u>16,437</u>	<u>(37,015)</u>
<i>Retained Earnings Beginning of Year</i>	<u>200,576</u>	<u>0</u>	<u>49,719</u>	<u>250,295</u>
<i>Retained Earnings End of Year</i>	<u>145,582</u>	<u>1,542</u>	<u>66,156</u>	<u>213,280</u>
<i>Contributed Capital Beginning and End of Year</i>	<u>254,269</u>	<u>0</u>	<u>0</u>	<u>254,269</u>
<i>Total Fund Equity End of Year</i>	<u><u>\$399,851</u></u>	<u><u>\$1,542</u></u>	<u><u>\$66,156</u></u>	<u><u>\$467,549</u></u>

North Royalton City School District
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$1,035,519	\$1,037,309	\$1,790
Interest	7,225	7,225	0
Operating Grants	94,071	94,071	0
<i>Total Revenues</i>	<u>1,136,815</u>	<u>1,138,605</u>	<u>1,790</u>
Expenses			
Salaries and Wages:			
Food Service Operations	374,349	374,349	0
Fringe Benefits:			
Food Service Operations	143,466	143,466	0
Purchased Services:			
Food Service Operations	17,798	17,798	0
Materials and Supplies:			
Food Service Operations	550,209	550,209	0
Capital Outlay:			
Food Service Operations	<u>12,461</u>	<u>12,461</u>	<u>0</u>
<i>Total Expenses</i>	<u>1,098,283</u>	<u>1,098,283</u>	<u>0</u>
<i>Excess of Revenues Over Expenses</i>	38,532	40,322	1,790
<i>Fund Equity Beginning of Year</i>	119,759	119,759	0
Prior Year Encumbrances Appropriated	<u>971</u>	<u>971</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$159,262</u></u>	<u><u>\$161,052</u></u>	<u><u>\$1,790</u></u>

North Royalton City School District
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$3,686	\$3,686	\$0
Expenses			
Materials and Supplies:			
Regular Instruction	2,144	2,144	0
<i>Excess of Revenues Over Expenses</i>	1,542	1,542	0
<i>Fund Equity Beginning of Year</i>	0	0	0
<i>Fund Equity End of Year</i>	<u>\$1,542</u>	<u>\$1,542</u>	<u>\$0</u>

North Royalton City School District
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Rotary/Bookstore Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$17,151	\$17,151	\$0
Tuition and Fees	47,740	47,740	0
Miscellaneous	6,149	5,949	(200)
<i>Total Revenues</i>	<u>71,040</u>	<u>70,840</u>	<u>(200)</u>
Expenses			
Salaries and Wages:			
Regular Instruction	35,691	35,691	0
Fringe Benefits:			
Regular Instruction	516	516	0
Purchased Services:			
Regular Instruction	575	575	0
Materials and Supplies:			
Regular Instruction	17,397	17,397	0
Capital Outlay:			
Regular Instruction	<u>1,499</u>	<u>1,499</u>	<u>0</u>
<i>Total Expenses</i>	<u>55,678</u>	<u>55,678</u>	<u>0</u>
<i>Excess of Revenues Over Expenses</i>	15,362	15,162	(200)
<i>Fund Equity Beginning of Year</i>	<u>49,855</u>	<u>49,855</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$65,217</u></u>	<u><u>\$65,017</u></u>	<u><u>(\$200)</u></u>

North Royalton City School District
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Enterprise Funds
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$1,056,356	\$1,058,146	\$1,790
Tuition and Fees	47,740	47,740	0
Interest	7,225	7,225	0
Operating Grants	94,071	94,071	0
Miscellaneous	6,149	5,949	(200)
<i>Total Revenues</i>	<u>1,211,541</u>	<u>1,213,131</u>	<u>1,590</u>
Expenses			
Salaries and Wages:			
Regular Instruction	35,691	35,691	0
Food Service Operations	374,349	374,349	0
Total Salaries	<u>410,040</u>	<u>410,040</u>	<u>0</u>
Fringe Benefits:			
Regular Instruction	516	516	0
Food Service Operations	143,466	143,466	0
Total Fringe Benefits	<u>143,982</u>	<u>143,982</u>	<u>0</u>
Purchased Services:			
Regular Instruction	575	575	0
Food Service Operations	17,798	17,798	0
Total Purchased Services	<u>18,373</u>	<u>18,373</u>	<u>0</u>
Materials and Supplies:			
Regular Instruction	19,541	19,541	0
Food Service Operations	550,209	550,209	0
Total Materials and Supplies	<u>569,750</u>	<u>569,750</u>	<u>0</u>
Capital Outlay:			
Regular Instruction	1,499	1,499	0
Food Service Operations	12,461	12,461	0
Total Capital Outlay	<u>13,960</u>	<u>13,960</u>	<u>0</u>
<i>Total Expenses</i>	<u>1,156,105</u>	<u>1,156,105</u>	<u>0</u>
<i>Excess of Revenues Over Expenses</i>	55,436	57,026	1,590
<i>Fund Equity Beginning of Year</i>	169,614	169,614	0
Prior Year Encumbrances Appropriated	<u>971</u>	<u>971</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$226,021</u>	<u>\$227,611</u>	<u>\$1,590</u>

North Royalton City School District

Combining Statement of Cash Flows

All Enterprise Funds

For the Fiscal Year Ended June 30, 2002

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Rotary/ Bookstore</u>	<u>Totals</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$1,037,309	\$3,686	\$17,151	\$1,058,146
Cash Received from Tuition Payments	0	0	47,740	47,740
Cash Received from Other Operating Sources	0	0	5,949	5,949
Cash Payments to Employees for Services	(374,349)	0	(35,691)	(410,040)
Cash Payments for Employee Benefits	(143,466)	0	(516)	(143,982)
Cash Payments for Goods and Services	<u>(564,992)</u>	<u>(2,144)</u>	<u>(17,972)</u>	<u>(585,108)</u>
<i>Net Cash Provided By (Used for) Operating Activities</i>	(45,498)	1,542	16,661	(27,295)
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	94,071	0	0	94,071
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	(12,204)	0	(1,499)	(13,703)
Cash Flows from Investing Activities				
Interest on Investments	<u>7,225</u>	<u>0</u>	<u>0</u>	<u>7,225</u>
<i>Net Increase in Cash and Cash Equivalents</i>	43,594	1,542	15,162	60,298
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>120,730</u>	<u>0</u>	<u>49,855</u>	<u>170,585</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$164,324</u></u>	<u><u>\$1,542</u></u>	<u><u>\$65,017</u></u>	<u><u>\$230,883</u></u>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities</i>				
Operating Income (Loss)	<u>(\$187,671)</u>	<u>\$1,542</u>	<u>\$16,437</u>	<u>(\$169,692)</u>
<i>Adjustments:</i>				
Depreciation	22,719	0	0	22,719
Donated Commodities Used During Year	55,271	0	0	55,271
Increase in Inventory Held for Resale	(10,320)	0	0	(10,320)
Increase/(Decrease) in Liabilities:				
Accounts Payable	(645)	0	0	(645)
Accrued Wages	(18,236)	0	224	(18,012)
Compensated Absences Payable	37,810	0	0	37,810
Intergovernmental Payable	<u>55,574</u>	<u>0</u>	<u>0</u>	<u>55,574</u>
Total Adjustments	<u>142,173</u>	<u>0</u>	<u>224</u>	<u>142,397</u>
<i>Net Cash Provided By (Used for) Operating Activities</i>	<u><u>(\$45,498)</u></u>	<u><u>\$1,542</u></u>	<u><u>\$16,661</u></u>	<u><u>(\$27,295)</u></u>

Internal Service Fund

The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. Following is a description of the School District's internal service fund:

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

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

Fiduciary Funds

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

Expendable Trust Fund

Scholarship Fund - To account for minor amounts of monies as donated to the Board of Education to be used for specific purposes as stipulated by the donor.

Since there is only one Expendable Trust Fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented here.

Agency Fund

Student Activities Fund - To account for resources that belong to the student bodies of the various schools; accounting for sales and other revenue generating activities.

North Royalton City School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2002

	<u>Balance</u> <u>June 30, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2002</u>
<i>Student Activities</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$223,231	\$1,072,994	\$1,014,168	\$282,057
Materials and Supplies Inventory	<u>3,362</u>	<u>0</u>	<u>3,362</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$226,593</u></u>	<u><u>\$1,072,994</u></u>	<u><u>\$1,017,530</u></u>	<u><u>\$282,057</u></u>
Liabilities				
Accounts Payable	\$21,827	\$0	\$21,827	\$0
Intergovernmental Payable	286	0	286	0
Due to Students	<u>204,480</u>	<u>1,095,107</u>	<u>1,017,530</u>	<u>282,057</u>
<i>Total Liabilities</i>	<u><u>\$226,593</u></u>	<u><u>\$1,095,107</u></u>	<u><u>\$1,039,643</u></u>	<u><u>\$282,057</u></u>

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for all land, buildings and improvements, furniture, fixtures and equipment and textbooks and library books not used in the operation of the proprietary funds.

North Royalton City School District

Schedule of General Fixed Assets

By Function and Type

June 30, 2002

	<u>Total</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture Fixtures and Equipment</u>	<u>Textbooks and Library Books</u>
Instruction	\$44,867,856	\$352,443	\$39,052,320	\$2,643,139	\$2,819,954
Support Services:					
Administration	1,097,383	125,668	474,496	497,219	0
Operation and Maintenance of Plant	381,448	0	104,609	276,839	0
Pupil Transportation	2,728,679	0	0	2,728,679	0
Extracurricular Activities	<u>517,546</u>	<u>0</u>	<u>97,336</u>	<u>420,210</u>	<u>0</u>
Total General Fixed Assets	<u>\$49,592,912</u>	<u>\$478,111</u>	<u>\$39,728,761</u>	<u>\$6,566,086</u>	<u>\$2,819,954</u>

North Royalton City School District
Schedule of Changes in General Fixed Assets
By Function
For the Fiscal Year Ended June 30, 2002

<u>Function</u>	<u>General Fixed Assets June 30, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>General Fixed Assets June 30, 2002</u>
Instruction:	\$44,297,224	\$593,678	\$23,046	\$44,867,856
Support Services:				
Administration	1,072,154	26,608	1,379	1,097,383
Operation and Maintenance of Plant	381,448	0	0	381,448
Pupil Transportation	2,531,047	422,044	224,412	2,728,679
Extracurricular Activities	<u>496,395</u>	<u>31,863</u>	<u>10,712</u>	<u>517,546</u>
Total General Fixed Assets	<u><u>\$48,778,268</u></u>	<u><u>\$1,074,193</u></u>	<u><u>\$259,549</u></u>	<u><u>\$49,592,912</u></u>

North Royalton City School District

Schedule of General Fixed Assets

By Source

June 30, 2002

Land	\$478,111
Buildings and Improvements	39,728,761
Furniture, Fixtures and Equipment	6,566,086
Textbooks and Library Books	<u>2,819,954</u>
<i>Total General Fixed Assets</i>	<u><u>\$49,592,912</u></u>

Investment in General Fixed Assets From:

General Fund	\$7,619,650
Special Revenue Funds	371,166
Capital Projects Funds	20,632,173
Fiduciary Funds	<u>595,923</u>
	29,218,912
Acquisitions Prior to 1997, Sources of Funding Not Available	<u>20,374,000</u>
<i>Total Investment in General Fixed Assets</i>	<u><u>\$49,592,912</u></u>

North Royalton City School District
Governmental Fund
Expenditures by Function
Last Ten Fiscal Years

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Current:										
Instruction:										
Regular	\$16,278,635	\$15,183,731	\$16,878,389	\$15,007,639	\$14,752,943	\$12,073,811	\$12,463,984	\$11,800,964	\$11,068,297	\$10,053,453
Special	2,980,258	2,347,636	0	0	0	0	0	0	0	0
Vocational	126,076	120,029	0	0	0	0	0	0	0	0
Support Services:										
Pupil	1,947,784	1,678,325	1,532,063	1,444,322	1,369,624	1,169,234	1,136,284	1,059,150	1,138,704	858,684
Instructional Staff	2,107,635	1,860,622	1,743,107	1,501,589	1,389,717	1,292,299	1,196,853	1,094,519	1,003,525	1,186,815
Board of Education	19,469	0	0	0	0	0	0	0	0	0
Administration	2,913,381	2,659,073	2,355,345	2,256,472	2,167,487	1,677,414	1,674,024	1,703,433	1,546,096	1,491,610
Fiscal	820,527	694,690	963,201	853,059	874,363	790,110	685,421	667,945	709,357	736,637
Business	213,961	248,541	0	0	0	0	0	0	0	0
Operation and Maintenance										
of Plant	2,901,312	2,737,232	2,734,729	2,626,710	2,420,020	2,206,240	1,756,238	1,708,288	1,792,481	1,809,652
Pupil Transportation	2,240,886	2,039,885	2,129,235	1,960,510	2,027,482	1,851,817	1,446,606	1,231,741	1,307,305	1,211,691
Central	222,259	95,031	120,075	93,740	75,275	94,981	73,996	64,655	57,280	77,050
Operation of Non-Instructional										
Services	641,489	482,556	468,777	502,770	394,542	615,088	606,865	213,874	176,999	181,897
Extracurricular Activities	746,566	760,587	667,421	432,962	524,180	485,803	470,596	447,098	359,552	435,269
Capital Outlay	817,988	1,013,733	357,399	693,582	1,278,864	4,375,662	14,032,945	5,945,814	393,190	37,705
Debt Service	2,630,896	2,627,570	2,628,381	2,764,050	2,778,644	2,789,099	2,100,635	26,266,636	949,816	1,020,733
Total	\$37,609,122	\$34,549,241	\$32,578,122	\$30,137,405	\$30,053,141	\$29,421,558	\$37,644,447	\$52,204,117	\$20,502,602	\$19,101,196

Source: School District Financial Records.

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

Instruction expenditures function is shown in total for years 1993 to 2000
Fiscal and business expenditures functions are combined in total for years 1993 to 2000

Governmental funds are made up of the general fund, special revenue funds, debt service fund and capital projects funds.

North Royalton City School District
Governmental Fund
Revenues by Source
Last Ten Fiscal Years

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Taxes	\$28,737,806	\$23,556,926	\$21,489,911	\$23,299,237	\$21,232,486	\$18,086,766	\$17,794,411	\$16,187,081	\$15,291,045	\$14,631,552
Intergovernmental	10,286,408	9,294,779	8,427,372	7,875,351	7,430,767	5,935,362	5,814,801	4,693,127	4,267,899	4,242,096
Interest	139,229	344,644	362,541	326,446	54,144	387,296	874,204	1,652,905	228,820	148,436
Tuition and Fees	273,604	189,970	111,257	110,366	109,568	11,768	15,502	12,578	17,606	16,760
Extracurricular Activities	203,585	172,601	0	0	0	0	0	0	0	0
Contributions and Donations	68,922	106,932	0	0	0	0	0	0	0	0
Charges for Services	1,507	2,382	154,521	150,352	330,427	397,376	335,161	305,424	91,986	92,338
Rentals	34,730	54,891	0	0	0	0	0	0	0	0
Miscellaneous	97,354	153,870	231,266	331,467	306,244	131,154	179,683	184,087	208,131	200,050
Total	\$39,843,145	\$33,876,995	\$30,776,868	\$32,093,219	\$29,463,636	\$24,949,722	\$25,013,762	\$23,035,202	\$20,105,487	\$19,331,232

Source: School District Financial Records.

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

Governmental funds are made up of the general fund, special revenue funds, debt service fund and capital projects funds.

North Royalton City School District
Property Tax Levies and Collections
Real and Personal Property Taxes
Last Ten Years

Year (1)	Total Tax Levy	Current Collections	Percent of Current Taxes Collected	Delinquent Collections	Total Collections	Percent of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (2)	Percent of Outstanding Delinquent Taxes to Total Tax Levy
2001	\$27,755,925	\$26,898,677	96.91%	\$600,751	\$27,499,428	99.08%	\$992,869	3.58%
2000	27,405,644	25,952,337	94.70	485,133	26,437,470	96.47	878,765	3.21
1999	25,670,639	24,888,533	96.95	515,750	25,404,283	98.96	694,072	2.70
1998	24,343,994	23,872,162	98.06	383,286	24,255,448	99.64	839,932	3.45
1997	22,649,597	22,236,039	98.17	396,780	22,632,819	99.93	672,884	2.97
1996	18,940,161	18,688,226	98.67	259,353	18,947,579	100.04	705,356	3.72
1995	18,514,116	18,313,119	98.91	166,674	18,479,793	99.81	657,288	3.55
1994	17,029,159	16,862,090	99.02	310,214	17,172,304	100.84	580,786	3.41
1993	16,134,365	15,922,382	98.69	230,934	16,153,316	100.12	770,145	4.77
1992	15,636,021	15,335,885	98.08	434,339	15,770,224	100.86	675,904	4.32

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

- (1) Represents collection year. 2002 information cannot be presented because all collections have not been made by June 30.
- (2) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

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

Collection Year	Real Property		Public Utility Property		Tangible Personal Property		Total		
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
2002	\$747,328,780	\$2,135,225,086	\$21,240,630	\$24,137,080	\$30,539,440	\$122,157,760	\$799,108,850	\$2,281,519,925	34%
2001	724,345,800	2,069,559,429	25,459,179	28,930,885	26,445,510	105,782,040	776,250,489	2,204,272,354	35
2000	629,283,360	1,797,952,457	28,486,370	32,370,875	24,721,996	98,887,984	682,491,726	1,929,211,316	35
1999	605,258,530	1,729,310,086	31,814,060	36,152,341	21,230,513	84,922,052	658,303,103	1,850,384,479	36
1998	569,889,100	1,628,254,571	31,264,190	35,527,489	21,442,254	85,769,016	622,595,544	1,749,551,076	36
1997	517,284,940	1,477,956,971	31,381,960	35,661,318	19,879,434	79,517,736	568,546,334	1,593,136,026	36
1996	497,448,980	1,421,282,800	31,032,130	35,263,784	18,682,932	74,731,728	547,164,042	1,531,278,312	36
1995	476,949,520	1,362,712,914	34,894,100	39,652,386	17,064,991	68,259,964	528,908,611	1,470,625,265	36
1994	415,559,800	1,187,313,714	66,138,150	75,156,989	17,136,598	68,546,392	498,834,548	1,331,017,095	37
1993	397,990,860	1,137,116,743	57,333,390	65,151,580	17,026,562	68,106,248	472,350,812	1,270,374,570	37

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

- (1) This amount is calculated based on the following percentages:
 Real estate is assessed at 35 percent of actual value.
 Public utility personal is assessed at 88 percent of actual value.
 Tangible personal property is assessed at 25 percent of actual value.

North Royalton City School District
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

Year	North Royalton City School District			Cuyahoga Valley Career Center	County Levy	Residents of North Royalton		Residents of Broadview Heights	
	General Fund	Bond Retirement	Total			City Levy	Total Levy	City Levy	Total Levy
2002	\$54.80	\$3.40	\$58.20	\$2.00	\$17.60	\$8.20	\$86.00	\$9.40	\$87.20
2001	55.10	3.60	58.70	2.00	17.60	8.20	86.50	9.40	87.70
2000	56.50	4.20	60.70	2.00	16.70	8.30	87.70	9.40	88.80
1999	57.00	4.40	61.40	2.00	18.00	8.30	89.70	9.40	90.80
1998	57.40	4.70	62.10	2.00	18.00	8.30	90.40	9.40	91.50
1997	58.20	5.10	63.30	2.00	18.00	8.30	91.60	9.40	92.70
1996	52.80	5.30	58.10	2.00	18.00	8.30	86.40	9.40	87.50
1995	53.00	5.20	58.20	2.00	18.20	8.40	86.80	8.40	86.80
1994	53.44	2.16	55.60	2.00	17.80	7.90	83.30	6.30	81.70
1993	53.64	2.16	55.80	2.00	17.80	7.90	83.50	6.30	81.90

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

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

<u>Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2002	\$22,628,225	\$779,108,850	30,654	2.90	\$738
2001	24,126,138	776,240,489	30,559	3.11	789
2000	23,275,072	682,490,736	29,006	3.41	802
1999	24,756,125	658,303,103	29,006	3.76	853
1998	26,000,715	622,595,544	29,006	4.18	896
1997	27,362,554	568,546,334	28,680	4.81	954
1996	28,620,937	547,164,042	27,050	5.23	1,058
1995	30,122,929	528,908,611	27,050	5.70	1,114
1994	6,289,829	498,834,548	24,830	1.26	253
1993	6,999,398	472,350,812	24,830	1.48	282

Sources:

- (1) School District Financial Records.
- (2) Cuyahoga County Auditor.
- (3) Estimated figure from U.S. Census Bureau.

North Royalton City School District
Computation of Legal Debt Margin
June 30, 2002

Assessed Valuation	\$799,108,850
Overall Debt Limit - 9% of Assessed Value (1)	\$71,919,797
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	24,235,000
Less: Amount Available in Debt Service Fund	<u>(2,535,911)</u>
Amount of Debt Subject to the Limit	<u>21,699,089</u>
Overall Debt Margin	<u>\$50,220,708</u>
Unvoted Debt Limit - .10% of Assessed Value (1)	\$799,109
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u>\$799,109</u>

Source: Cuyahoga County Auditor and School District Financial Records.

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

North Royalton City School District
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2001

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
<u>Direct:</u>			
North Royalton City School District	<u>\$25,164,136</u>	100%	<u>\$25,164,136</u>
<u>Overlapping:</u>			
City of North Royalton	4,752,000	86.39	4,105,253
City of Broadview Heights	7,384,000	14.79	1,092,094
Cuyahoga County	216,544,636	2.75	5,954,977
Regional Transit Authority	<u>123,915,000</u>	2.75	<u>3,407,663</u>
Total Overlapping	<u>352,595,636</u>		<u>14,559,986</u>
Total	<u><u>\$377,759,772</u></u>		<u><u>\$39,724,122</u></u>

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

- (1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2001 collection year.

North Royalton City School District
Ratio of Annual Debt Service Expenditures For
General Obligation Bonded Debt to Total Governmental Fund Expenditures
Last Ten Fiscal Years

Year	Principal	Interest	Total Debt Service	Total Governmental Fund Expenditures	Ratio of Debt Service to Governmental Fund Expenditures (Percentage)
2002	\$1,350,000	\$1,280,896	\$2,630,896	\$37,609,122	7.00%
2001	1,295,000	1,332,570	2,627,570	34,549,241	7.60
2000	1,235,000	1,393,131	2,628,131	32,578,122	8.07
1999	1,310,000	1,453,300	2,763,300	30,137,405	9.17
1998	1,265,000	1,513,394	2,778,394	30,053,141	9.24
1997	1,220,000	1,568,599	2,788,599	29,421,558	9.48
1996	455,000	1,605,885	2,060,885	37,644,447	5.47
1995	420,000	1,510,414	1,930,414	52,204,117	3.70
1994	615,000	292,488	907,488	20,502,602	4.43
1993	410,000	560,209	970,209	19,101,196	5.08

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

Source: School District Financial Records.

North Royalton City School District
*Property Value, Financial Institution Deposits
and Value of Building Permits Issued
Last Ten Years*

Year	Property Value (1) (Real Estate Only)	Financial Institution Deposits (000's) Banks	Value of Building Permits Issued
2002	\$747,328,780	\$88,346,368	\$55,086,222
2001	724,335,800	61,942,764	49,508,030
2000	629,283,360	59,933,852	71,770,790
1999	605,258,530	60,846,022	48,478,648
1998	569,889,100	53,941,971	43,087,840
1997	517,284,940	27,068,211	33,058,230
1996	497,448,980	22,458,573	42,020,000
1995	476,949,520	20,885,453	35,205,713
1994	415,559,800	21,009,421	42,823,974
1993	397,990,860	19,379,280	48,216,990

Source: Building Department of the City of North Royalton.
Beginning with "Collection Year 2001," the number of building permits is for newly constructed facilities only.
Federal Reserve Bank of Cleveland. The large increase in 1998 was due to Key Bank becoming a single-charter bank.
Cuyahoga County Auditor

(1) Represents assessed value.

North Royalton City School District

Principal Taxpayers

Real Estate Tax

December 31, 2001

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Royal Oaks LTD	\$6,392,720	0.86%
M & J Dover Farms Apartments	5,201,390	0.70
MCI Communications Corporation	5,067,690	0.68
Spruce Lake, Limited	4,285,510	0.57
I & J Associates, Limited	3,689,910	0.49
Deer Creek Apartments, Limited	3,656,350	0.49
Oak Brook Garden Apartments	3,482,610	0.47
Pine Forest Apartments	3,402,460	0.46
Shadow Creek Enterprises, Limited	2,844,310	0.38
Spartan House, Limited	2,818,100	0.38
Timber Ridge Investments, Limited	2,316,860	0.31
Royalton Plaza	2,244,620	0.30
Athenian Office Building, Limited	1,498,460	0.20
Tollis Estate II, Incorporated	1,420,020	0.18
Deaconess Senior Housing Incorporated	1,299,130	0.17
THC Ohio 2000-2001 Trust	<u>227,540</u>	<u>0.03</u>
Total	<u>\$49,847,680</u>	<u>6.67%</u>
Total Real Estate Valuation	<u>\$747,328,780</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2002 collection year.

North Royalton City School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2001

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
EDS Information Services	\$2,643,300	8.66%
Ameritech New Media, Incorporated	1,657,200	5.43
H & D Steel Service, Incorporated	982,760	3.22
Tops Markets	973,420	3.19
Discount Drug Mart	936,270	3.07
Stevens Painton Corporation	779,760	2.55
Valley Tool & Die, Incorporated	707,440	2.32
Krenz Krist Machine, Incorporated	636,610	2.08
Riser Foods Company	599,860	1.96
ICG Equipment, Incorporated	557,600	1.83
Transport Services, Incorporated	533,350	1.75
Praxair Distribution, Incorporated	456,440	1.49
Galley Printing Company	354,240	1.15
Cox Cable Cleveland	350,610	1.14
Seneca Tape Label & Manufacturing, Incorporated	292,090	0.96
Cablevision	278,040	0.91
Total	<u>\$12,738,990</u>	<u>41.71%</u>
Total Tangible Assessed Valuation	<u>\$30,539,440</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2002 collection year.

North Royalton City School District

Principal Taxpayers

Public Utilities Tax

December 31, 2001

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Cleveland Electric Illuminating Company	\$11,092,160	52.22%
Ohio Bell Telephone Company	3,827,710	18.02
Columbia Gas of Ohio, Incorporated	1,410,030	6.64
MCI Telecommunications	1,319,540	6.21
American Transmission System	1,316,700	6.20
Ohio Edison Gas Company	450,630	2.12
LCI International Telecommunications	<u>224,820</u>	<u>1.06</u>
Total	<u>\$19,641,590</u>	<u>92.47%</u>
Total Public Utility Assessed Value	<u>\$21,240,630</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2002 collection year.

North Royalton City School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>Governmental Fund Expenditures</u>	<u>Average Daily Student Enrollment</u>	<u>Per Pupil Cost</u>
2002	\$37,609,122	4,365	\$8,616
2001	34,549,241	4,396	7,859
2000	32,578,122	4,331	7,522
1999	30,137,405	4,246	7,098
1998	30,053,141	4,242	7,085
1997	29,421,558	4,192	7,019
1996	37,644,447	4,075	9,238
1995	52,204,117	3,899	13,389
1994	20,502,602	3,749	5,469
1993	19,101,196	3,648	5,236

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

Source: School District Financial Records.

North Royalton City School District

Teacher Education and Experience

June 30, 2002

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	29	10.98%
Bachelor + 6	13	4.92
Bachelor + 12	7	2.65
Bachelor + 18	10	3.79
Bachelor + 24	7	2.65
Bachelor + 30	33	12.50
Master's Degree	56	21.21
Master's Degree + 6	27	10.23
Master's Degree + 12	43	16.29
Master's Degree + 18	12	4.55
Master's Degree + 24	10	3.79
Master's Degree + 30	4	1.52
Master's Degree + 36	3	1.14
Master's Degree + 42	2	0.76
Master's Degree + 48	8	3.02
Total	<u>264</u>	<u>100.00%</u>

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	62	23.48%
6 - 10	47	17.80
11 - 15	46	17.42
16 - 20	32	12.12
21 and Over	77	29.18
	<u>264</u>	<u>100.00%</u>

Source: School District Personnel Records.

North Royalton City School District
Student Demographic Information
 2001 - 2002 School Year

Grade	Male	Female	Total
INT SP	2	2	4
Pre-School	9	1	10
Kindergarten	111	118	229
1	144	142	286
2	168	145	313
3	168	159	327
4	155	167	322
5	190	182	372
6	167	194	361
7	169	172	341
8	168	173	341
9	209	210	419
10	193	164	357
11	184	161	345
12	158	170	328
Ungraded	7	3	10
Total	2,202	2,163	4,365

Percent of Total Student Population
 2001 - 2002 School Year

Grade	Eskimo-American Indian	Asian	Black	White	Hispanic	Multi-Racial	Total
Pre-School to 4	0.02%	0.85%	0.30%	32.99%	0.14%	0.78%	35.08%
5 to 8	0.00	0.80	0.18	31.09	0.11	0.32	32.50
9 to 12	0.03	0.96	0.02	31.02	0.16	0.23	32.42
	0.05%	2.61%	0.50%	95.10%	0.41%	1.33%	100.00%



**Auditor of State
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NORTH ROYALTON CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 20, 2003**