

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2005



**Auditor of State
Betty Montgomery**

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
Food Distribution	N/A	10.550	\$0	\$40,694	\$0	\$40,694
National School Lunch Program	LLP4-2004	10.555	10,629	0	10,629	0
National School Lunch Program	LLP4-2005	10.555	39,229	0	39,229	0
Subtotal National School Lunch Program			49,858	0	49,858	0
Special Milk Program for Children	02PU-2004	10.556	2,842	0	2,842	0
Special Milk Program for Children	02PU-2005	10.556	8,478	0	8,478	0
Subtotal			11,320	0	11,320	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			61,178	40,694	61,178	40,694
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
IDEA Part B (Title VI-B)	6BSD-2004	84.027	0	0	58,463	0
IDEA Part B (Title VI-B)	6BSF-2005	84.027	595,735	0	601,813	0
Subtotal IDEA Part B (Title VI-B)			595,735	0	660,276	0
Special Access Grant	6BSD-2005	84.027	15,000	0	31,924	0
Preschool Disability Grant	PGS1-2004	84.173	0	0	3,130	0
Preschool Disability Grant	PGS1-2005	84.173	5,370	0	9,193	0
Subtotal Preschool Disability Grant			5,370	0	12,323	0
Total Special Education Cluster			616,105	0	704,523	0
Drug Free School Grant	DRS1-2005	84.186	6,684	0	6,684	0
Title V - Innovative Programs	C2S1-2004	84.298	(138)	0	624	0
Title V - Innovative Programs	C2S1-2005	84.298	19,041	0	17,877	0
Total Title V - Innovative Programs			18,903	0	18,501	0
Advanced Placement Program	AVTF-2005	84.330	624	0	0	0
Title III LEP/Immigration		84.365	14,236	0	14,236	0
Title II, Part A - Teacher and Principal Training and Recruiting	TRS1-2004	84.367	(3,680)	0	0	0
Title II, Part A - Teacher and Principal Training and Recruiting	TRS1-2005	84.367	61,296	0	61,296	0
			57,616	0	61,296	0
Total U.S. Department of Education			714,168	0	805,240	0
Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and Humanities						
<i>Passed through the State Library System</i>						
LSTA	II-8-04	45.310	0	0	17,580	0
Total Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and Humanities			0	0	17,580	0
Total Federal Assistance			\$775,346	\$40,694	\$883,998	\$40,694

The accompanying notes are an integral part of this schedule.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
JUNE 30, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Values may change from month to month and are entirely subjective. At June 30, 2005, the District had no significant food commodities in inventory.

NOTE C - NATIONAL SCHOOL LUNCH PROGRAM AND SPECIAL MILK PROGRAM FOR CHILDREN

Federal monies received by the District for this program are commingled with State grants and local revenues. It is assumed that federal monies are expended first.

NOTE D – NEGATIVE RECEIPTS

The District transferred \$138 from grant year 2004 to grant year 2005 in the Title V – Innovative Programs Grant and \$3,680 from grant year 2004 to grant year 2005 in the Title II, Part A - Teacher and Principal Training and Recruiting Grant.

N/A - Not applicable.

CFDA - Catalog of Federal Domestic Assistance.



**Auditor of State
Betty Montgomery**

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

Rocky River City School District
Cuyahoga County
21600 Center Ridge Road
Rocky River, Ohio 44116

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rocky River City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2005, which was qualified since certain information related to Internal Service Fund expenses (disbursements) and liabilities reported with governmental activities and with remaining fund information was not available for audit. Except for this matter, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. 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 management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the District's management dated December 23, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-002. In a separate letter to the District's management dated December 23, 2005, we reported other matters related to noncompliance we deemed immaterial.

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



Betty Montgomery
Auditor of State

December 23, 2005



Auditor of State Betty Montgomery

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

Rocky River City School District
Cuyahoga County
21600 Center Ridge Road
Rocky River, Ohio 44116

To the Board of Education:

Compliance

We have audited the compliance of Rocky River City School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Rocky River City School District, Cuyahoga County, Ohio complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

Federal Awards Receipts and Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Rocky River City School District, Cuyahoga County, Ohio, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 23, 2005, which was qualified since the service organization which processes insurance claims did not provide us with information we requested regarding the design or proper operation of its internal controls. We were therefore unable to satisfy ourselves as to the proper processing of health insurance claims expenses and liabilities. Those claims represent 10% of the expenses and 1% of the accrued liabilities reported with the governmental activities, and 50% of the expenses and 45% of the liabilities reported in the remaining fund information. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

December 23, 2005

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR ENDED JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(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 non-compliance at the financial statement level (GAGAS)?	Yes
(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)	Major Program (list):	Special Education Cluster: IDEA Part B (Title VI-B)/84.027, Special Access Grant/84.027, Preschool Disability Grant/84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

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

Finding Number

2005- 001

Internal Service Fund - SAS 70 Type II Audit

The District has delegated employees' health insurance claims processing, which is a significant accounting function, to a third-party administrator. The District has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reduce the risk that health insurance claims have not been completely and accurately processed in accordance with the health insurance contract.

Consequently, the District has received a qualified independent accountants' report because the scope of the auditor's examination has been restricted. AU 324 requires the Auditor of State (AOS) to gain an understanding of internal control at any service organization that processes financially significant (i.e., material) transactions of the District, which would then have a material affect on the District's financial statements. Under the circumstances stated, AOS can not accumulate sufficient evidence to conclude whether the Internal Service Fund, administered by the third-party administrator, is fairly stated in accordance with generally accepted accounting principles. Whenever a condition such as this exists, which requires a departure from an unqualified opinion, a report other than an unqualified report must be issued.

As of July 1, 2005, the District is no longer self-insured and does not require a Type II SAS 70 report from a third-party administrator for future periods. If the District would again decide to become self-insured we recommend the District help assure the completeness and accuracy (including eligibility and allowability) of health insurance claims processed by its third-party administrator. Statement on Auditing Standards (SAS) No. 70, as amended, prescribes standards for reporting on service organizations. An unqualified Type II Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness in accordance with SAS No. 70 should provide the District with reasonable assurance that health insurance claim transactions conform to the contract.

We recommend the District require a Type II SAS 70 report in its contract with the third-party administrator. The District should review the SAS 70 report timely. The report should follow American Institute of Certified Public Accountants standards and be performed by a firm registered and considered in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the District with a Type II SAS 70 report, we recommend the District contract with a third-party administrator that will provide such a report.

Finding Number

2005- 002

Certification of Availability of Funds

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

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

Finding Number	2005- 002
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Certification of Availability of Funds (Continued)

1. “Then and Now” certificate - If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not extended beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Twenty-two of seventy-nine (28 percent) transactions tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence the District followed the aforementioned exceptions. Although, it appears the District started to implement the use of “Then and Now” certificates in the later part of the year. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District’s funds exceeding budgetary spending limitations, we recommend the CFO/Treasurer certify that funds are or will be available prior to obligation by the District. When prior certification is not possible, “then and now” certification should be used.

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

3. FINDINGS FOR FEDERAL AWARDS

None.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2004-001	Ohio Rev. Code Section 5705.39 – Appropriations in Excess of Estimated Resources	No	Reissued as management letter comment.
2004-002	Ohio Rev. Code Section 5705.41 (B) & (D) - Expenditures plus encumbrances in excess of appropriations	No	Reissued as management letter comment.

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

ROCKY RIVER CITY
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2005

PREPARED BY
TREASURER'S DEPARTMENT
GREG MARKUS, TREASURER

21600 CENTER RIDGE RD ROCKY RIVER, OHIO 44116

Rocky River City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005
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**Rocky River
School District**

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Treasurer

Board of Education

Andrew D. Bemer, Jr.
Kathleen Goepfert
Jean A. Rounds
James D. Schieda
Scott E. Swartz

December 23, 2005

To the Board of Education, residents of the Rocky River City School District and other interested parties:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Rocky River City School District (the "District") for the fiscal year ended June 30, 2005. This CAFR, which includes financial statements and other financial and statistical data, conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

This report is divided into the following sections:

1. The Introductory Section, which includes this transmittal letter, a list of principal officials, the District's organizational chart and the GFOA Certificate of Achievement.
2. The Financial Section, which includes the independent accountants' report, management's discussion and analysis, the basic financial statements and notes, the combining statements for nonmajor funds and schedules that provide detailed information relative to the basic financial statements.
3. The Statistical Section, which includes related financial and demographic information, generally presented on a multi-year basis.

The District

The District is governed by the Constitution of the State of Ohio and various statutes enacted by the Ohio General Assembly through the State Department of Education. Under Ohio law, the District is a separate and distinct unit of government with its own taxing authority. The Rocky River Board of Education is a five member board, elected at large, with staggered four year terms.

The District is located in an affluent suburban area west of Cleveland, Ohio and encompasses the entire City of Rocky River and a small portion of the City of Fairview Park. The property tax base is primarily residential with a significant amount of retail commercial property. The District serves 2,623 students ranging from Kindergarten through Twelfth grade. In addition, a wide range of services are provided for preschool aged children and adults.

The Reporting Entity

The District has reviewed its reporting entity definition in order to insure conformance with the Government Accounting Standards Board Statement No. 14. "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District (the primary government) and its potential component units. The District has no component units and the District is not a component unit of any other governmental organization.

The District is associated with the Lakeshore Northeast Ohio Computer Association and the Ohio Schools Council Association, both jointly governed organizations; the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool; and the Rocky River Public Library, a related organization.

Economic Condition and Outlook

The 2000 U. S. Census data reports a population of 20,735 in the City of Rocky River with 10,166 dwelling units and over 1,250 businesses. The median household income is \$51,636 and the median home value is \$188,700. The occupational makeup of the City is 42 percent professional/managerial, 38 percent technical/sales/clerical, 8 percent service, 7 percent crafts and 5 percent operator/laborers. Of the population 25 years of age or older, over 46% have at least a bachelor's degree. Businesses within the community are predominantly retail and service oriented.

The District receives over 73 percent of its governmental fund revenues from local property tax collections. Therefore, the long-term financial health of the District is very dependent on its tax base. The total assessed valuation of the District's tax duplicate has risen over 36 percent over the last ten years. The increased value in the tax duplicate is due primarily to revisions in property values made by the County Auditor every three years as well as some new construction.

The City of Rocky River is nearly completely developed, so future assessed valuation increases will come primarily from property value changes. There may also be some growth from the demolition of existing commercial and residential building stock and the subsequent redevelopment of such property, as this is becoming increasingly popular in fully-developed suburban areas like the City of Rocky River. There are no major manufacturing plants located within the District's boundaries. The largest real property taxpayer owns slightly more than 2 percent of the total real property in the District.

Major Initiatives - Fiscal Year 2005

Each year, the District identifies a series of District Development Priorities that build upon the objectives of the mission statement and strategic goals. These priorities focus the District's financial and other resources and provide measurable benchmarks upon which to evaluate the effectiveness of our efforts. The following provides a brief overview of the key priorities addressed during the 2004-2005 school year and the District's progress in achieving each priority.

Financial

- *Communicate the District's financial planning and use of financial resources*

Voters approved an additional 4.9 mill continuing operating levy in May 2005, which will commence collection in January of 2006. This new levy is expected to generate an additional \$3.4 million in tax revenue annually. This levy was planned to take the District through another three year funding cycle. However, the District is currently facing major changes from the State of Ohio's biennial budget bill (House Bill 66) that took effect on July 1, 2005 as well as tax valuation decrease complaints by significant property taxpayers and significant double-digit increases in employee healthcare expenses.

The District may also be facing the prospect of significant revenue loss due to a potential tax abatement that may be granted on commercial property located within the District boundaries, but within the City of Fairview Park corporate limits. However, the exact effects of this possibility upon the District's future revenue stream are not known at this time. All of these factors combined along with the unknown will certainly make the next few years difficult and challenging as it relates to managing the District's budget.

During the 2005 fiscal year, through community meetings related to the proposed levy, the annual State of the Schools address, through the submission of the District's Five-Year Financial Forecast and required update to the Ohio Department of Education and the continued issuance of a Comprehensive Annual Financial Report (CAFR), the District has communicated its financial results and future plans to residents and all other stakeholders of the Rocky River City School District.

- *Develop methods of protecting the District property tax base*

The District is significantly dependent upon property taxes. As a result, the Board and administration worked with the cities of Rocky River and Fairview Park to assure retail development protects and enhances property values. The city of Rocky River encouraged development of residential property in the limited areas available as well as commercial development. These factors added approximately \$16 million of new construction market value to the tax base, which translates to approximately \$175,000 in additional gross operating revenue. The District retains the services of legal counsel experienced in the area of property taxation to represent the District's interest with regard to County Board of Revision and Ohio Board of Tax Appeals cases.

- *Protect the interests of the District from legislature funding changes*

The Board of Education has taken a leadership role in the Westshore Boards of Education, a working group of Districts on the west side of Cleveland. This group works with citizens and legislators to protect member districts from adverse legislation and rule making. The District is also a member of the Alliance for Adequate School Funding, which is a group of over 50 similar Districts within the State of Ohio who also work with legislators on behalf of member districts.

- *Financial Reporting*

The District has prepared its CAFR in accordance with GASB Statement No. 34, a new reporting model providing more meaningful financial information. The District received the Certificate of Achievement for Excellence in Financial reporting from the Government Finance Officers Association. The fiscal year 2005 CAFR continues to conform to the new reporting model defined by GASB Statement No. 34.

Educational

- *Maximize each child's achievement*

The State of Ohio measures District's achievement through a state "Report Card" measuring student learning at the 3rd through 8th grade and 10th grade levels. The state has 23 standards upon which they rate school districts. The Rocky River City School District achieved 22 of 23 standards for the 2004-05 school year, therefore earning an "excellent" rating. Only 111 of the 609 school districts in Ohio achieved this level of excellence. School faculty and administrators work diligently to prepare students for success with these tests while assuring students experience success in all areas of instruction.

The District had five National Merit Semi-Finalists and seven National Merit Commended Scholars named for the 2005-06 school year.

Goals for 2006

Financial

- To effectively use District resources to assure the highest quality educational program while attempting to meet the District's three year financial plan.
- To receive the GFOA Certificate of Achievement for Excellence in Financial Reporting for this fiscal year 2005 CAFR.

- To continue to enhance the District's budget and financial planning information for citizens and to communicate the District's dependence on local taxpayer support and current issues with the State of Ohio's school financing structure based on the new House Bill 66 legislation.
- To continue to assure the District's property tax base remains strong by working with the cities, business community and individual property owners.

Educational

- To continue to meet the high standards of State testing while maintaining a caring, personalized environment where learners can excel.
- To increase communication with parents and the community using available technology as well as more traditional methods of communication (e.g. open houses, individual parent-teacher conferences).
- To continue the implementation of the new Ohio graduation test and other standardized tests as mandated by the State of Ohio.
- To continually review and revise the District's technology plan to anticipate new state of Ohio requirements for student technology.
- To implement building-level priorities as indicated in the District's "Planning for Excellence: 2005-2006" document.
- Continue the process of ensuring that all of the District's teachers are "Highly Qualified" per the requirements of the federal "No Child Left Behind" legislation for the 2005-06 school year.

Prospects for the Future

The funding structure of public education in Ohio poses a challenge to Districts. There is very little in the funding structure which allows Districts to receive additional revenues relative to inflationary pressures. Boards of education throughout Ohio must put issues on the ballot for voter approval in order to receive significant additional revenues. The District gained voter approval of a 4.9 mill operating levy in May 2005. Collection of the new levy will begin in January 2006. The additional revenue from this levy, about \$3.4 million annually, was planned to stabilize the District's local funding for three years. Ohio law requires once a school levy is passed, that levy may not generate additional tax revenue as a result of reappraisal or reassessment (i.e. inflationary growth). Consequently, tax levies, if approved by voters, provide essentially a fixed source of revenue and provide no inflationary growth on those voted mills going forward.

State funding remains a very important concern as well. Since 1993 the state system of funding schools has been under court challenge, challenging both the equity and adequacy of Ohio's system of funding public education. In the most recent filings 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 Districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to 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 in December 2003.

In response to the school funding issue, the Governor of the State of Ohio assembled a “Blue Ribbon Task Force on Financing Student Successes” to offer recommendations on how the State can better fund education. This task force issued a report of their recommendations in February of 2005 that can be accessed by reviewing the document contained on the following website:

<http://www.blueribbontaskforce.ohio.gov/02022005brtf.pdf>.

In June 2005, the State Legislature made landmark changes to the State’s taxing structure with the passage of House Bill 66 to take effect July 1, 2005. The most significant tax law changes as a result of this bill include the following:

- **Introduction of the new commercial activity tax (CAT), an annual business privilege tax measured by a business’s gross receipt.** The amount of taxable gross receipts determines whether or how the CAT applies. Businesses with annual gross receipts of \$150,000 or less are not subject to the CAT; those with receipts from \$150,001 - \$1,000,000 pay a minimum \$150 tax; receipts exceeding one million dollars -- when the tax is fully phased in – will be taxed at a rate of 0.26 percent (tax rate for the first tax period from July 1, 2005 to December 31, 2005 is only 0.06percent).
- **Phase-out over five years of the corporation franchise tax at the rate of 20 percent annually beginning in tax year 2006.**
- **Phase-out of the tangible personal property (TPP) tax on most businesses inventory, manufacturing machinery and equipment, and furniture and fixtures over four years at about 25 percent annually beginning in tax year 2006.** Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will be subject to no TPP tax. Ohio School Districts will be held “harmless” for lost revenue through tax year 2009 by the State. Reimbursements will then be phased out through tax year 2018.
- **The individual income tax rate cut for all tax brackets of 4.2 percent for tax year 2005 and an additional 4.2 percent (from 2004 rates) each year through 2009 for a total cut of 21 percent.**
- **The state sales tax rate cut from 6 to 5.5 percent.** The vendor discount of .9 percent remains for timely filed and paid sales tax returns.
- **A cigarette excise tax increase of \$.70 to a total of \$1.25 per pack of 20 cigarettes.** Cigarette wholesalers and retailers must pay the additional 70 cents per pack on cigarettes that were previously taxed but still in inventory at the end of business June 30th.
- **Elimination of the ten percent property tax rollback on most commercial and industrial real property. The rollback remains for residential and agricultural real property.**
- **Ohio’s additional estate tax (sponge tax) is eliminated. The Ohio basic estate tax remains in effect.**

The District is currently unable to determine what effects, if any, this new taxing structure will have on future state school funding in general and its specific state funding in particular.

As a result, all of the District’s financial abilities will be called upon to meet the challenges the future will bring. It is imperative that the District’s Board and management team continue to carefully and prudently plan in order to provide the resources required to meet students’ needs over the next several years.

Financial Information

Internal Accounting and Budgetary Control: In developing the 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 the financial statements and maintaining the accountability of assets. The concept of reasonable assurance is based on the assumption the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures 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 the fiscal year. If a temporary appropriation 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 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. Budgets are controlled at the fund level for all funds. All purchase order requests must be approved by the Executive Director of Administrative Services and certified by the Treasurer; necessary funds 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 District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible.

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 utilized by the District are fully described in Note 2 of the financial statements. Additional information on the District's budgetary accounting can also be found in Note 2.

Financial Reporting

This is the fourth year the District has prepared financial statements following GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB Statement No. 34 creates basic financial statements for reporting on the District's financial activities as follows:

Government-wide financial statements: These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

Fund financial statements: These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the governmental-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons: These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis (MD&A) of the District. This discussion is presented in the financial section of this report and provides an assessment of the District finances for fiscal year 2005. This transmittal letter is intended to be read in conjunction with the District's MD&A.

Independent Audit

State statutes require the District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the District's accounting and budgetary controls. Independent auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the District's financial statements as of and for the year ended June 30, 2005. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all school governments in Ohio. The District adopted and has been in conformance with that system beginning with its financial report for the year 1979.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Rocky River City School District for its comprehensive annual financial report (CAFR) for the year ended June 30, 2004. This was the fourteenth year that the Rocky River City School District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. This Certificate is the highest form of recognition available for governmental accounting and financial reporting. Attainment of this Certificate represents a substantial accomplishment of any governmental entity.

Acknowledgments

The publication of this report continues in the District's tradition of providing a high level of accountability of the District's finances to taxpayers, investors and other internal and external users of such information. This accomplishment would not have been possible without the support and efforts of the entire Treasurer's office staff (Joyce Younglas, Greta Coleman, Janice Denham, Linda Manoni and Betsy Lauer) as well as administrators and other employees of the District. Assistance of the County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data provided in this report.

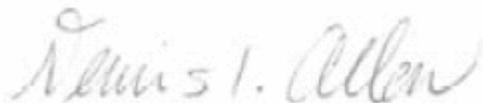
Special thanks are extended to the accounting firm of Julian & Grube, Inc. for their technical assistance in preparing this report as well as to Robin Reinbold, the District's Communication Specialist, for designing the covers and divider pages of this report.

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

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Greg R. Markus".

Greg R. Markus, CPA
Treasurer/CFO

A handwritten signature in cursive script, appearing to read "Dennis L. Allen".

Dennis L. Allen, Ed.D.
Superintendent of Schools

Rocky River City School District

Principal Officials

June 30, 2005

Board of Education

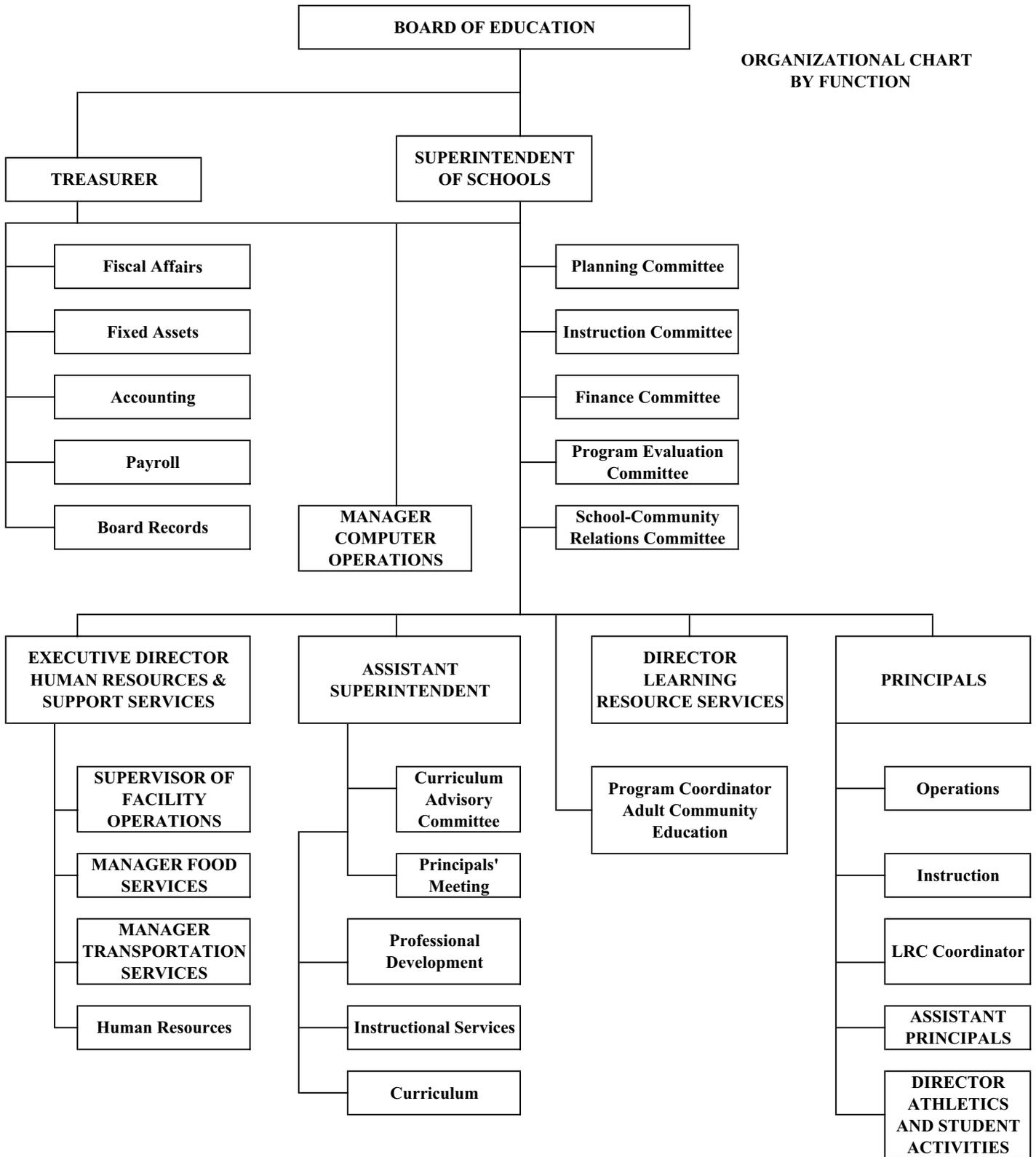
Jean A. Rounds..... President
Andrew D. Bemer Vice-President
Kathleen Goepfert Member
James D. Schieda Member
Scott E. Swartz Member

Administration

Dennis L. Allen, Ed.D..... Superintendent
Cathy E. Dietlin, Ph.D..... Assistant Superintendent
Ted Blank..... Executive Director of Human Resources and Support Services
Greg R. Markus..... Treasurer



ORGANIZATIONAL CHART BY FUNCTION



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Rocky River City
School District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



Nancy L. Zjelle

President

Jeffrey R. Enow

Executive Director

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Rocky River City School District
Cuyahoga County
21600 Center Ridge Road
Rocky River, Ohio 44116

To The Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rocky River City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Insurance claims reported in the Self Insurance Fund (an internal service fund, included in the governmental activities and as remaining fund information) are processed by a service organization independent of the District. The service organization did not provide us with information we requested regarding the design or proper operation of its internal controls. We were therefore unable to satisfy ourselves as to the proper processing of health insurance claims expenses and liabilities. Those claims represent 10% of expenses and 1% of accrued liabilities reported with the governmental activities, and 50% of the expenses and 45% of the liabilities reported in the remaining fund information.

In our opinion, except for the effects of such adjustments, if any as might have been necessary had we been able to examine certain information regarding health insurance claims reported with the governmental activities and remaining fund information as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rocky River City School District, Cuyahoga County, Ohio, as of June 30, 2005, and the respective changes in financial position and the cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3A to the basic financial statements, the District adopted Governmental Accounting Standards Board Technical Bulletin No. 2004-2.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine of the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Betty Montgomery
Auditor of State

December 23, 2005

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED**

The discussion and analysis of Rocky River City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

Overall:

Total net assets decreased by \$3.9 million. Total capital assets, net decreased from \$34.9 million in 2004 to \$34.4 million in 2005. This occurred as depreciation expenses more than offset new capital assets.

The District's outstanding debt decreased to \$23.6 million from \$25.1 million in 2004 and the legal debt margin increased to \$41.8 million, an increase of \$20.9 million since 2000.

Governmental Activities:

Total net assets decreased \$3.9 million from \$13.6 million at June 30, 2004 to \$9.7 million at June 30, 2005.

Revenues decreased \$2.1 million primarily due to decreased tax revenue. This decrease was due to the timing of the Cuyahoga County Auditor's collections.

Expenses increased \$1.9 million or 6.1 percent, primarily in instruction.

Program revenue, revenue from specific fees and grants, increased to 11.0 percent of all revenue from 8.6 percent in 2004. Almost ninety percent of revenue comes from general revenue, primarily property taxes.

Business-Type Activities:

Total assets decreased by \$34,528 and total liabilities decreased by \$5,889. As a result total net assets declined by \$28,639.

Total revenue for fiscal 2005 was \$806,683 and total expenses were \$835,322 resulting in a decrease to net assets of \$28,639.

Using this Comprehensive Annual Financial Report (CAFR)

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

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED**

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business –Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's adult and community education, food service and uniform supplies programs are reported as business activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The District's governmental funds begin on page 36 and the District's proprietary funds begin on page 41. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, bond retirement debt service fund and the permanent improvement capital projects fund. The District's major proprietary fund is the food service fund.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

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

Proprietary Funds: Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

The District as a Whole

Recall the Statement of Net Assets provides the perspective of the District as a whole. The Statement of Net Assets presents information on Governmental Activities and Business-Type Activities.

Table 1 provides a summary of the District's Governmental Activities and Business-Type Activities net assets for 2005 compared to the two prior years:

TABLE 1
Net Assets
(In millions)

	Governmental Activities			Business Type Activities			Totals		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
Assets									
Current and Other Assets	\$ 28.9	\$ 30.8	\$ 32.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 29.1	\$ 31.0	\$ 32.3
Capital Assets, Net	34.1	34.6	35.2	0.3	0.3	0.3	34.4	34.9	35.5
<i>Total Assets</i>	<u>63.0</u>	<u>65.4</u>	<u>67.3</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>63.5</u>	<u>65.9</u>	<u>67.8</u>
Liabilities									
Long-Term Liabilities	27.9	(29.3)	(30.9)	(0.1)	-	-	27.8	(29.3)	(30.9)
Other Liabilities	25.4	(22.5)	(22.8)	-	(0.1)	(0.1)	25.4	(22.6)	(22.9)
<i>Total Liabilities</i>	<u>53.3</u>	<u>(51.8)</u>	<u>(53.7)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>53.2</u>	<u>(51.9)</u>	<u>(53.8)</u>
Net Assets									
Invested in Capital Assets									
Net of Related Debt	11.4	10.2	9.0	0.3	0.3	0.3	11.7	10.5	9.3
Restricted	3.3	3.6	4.7	-	-	-	3.3	3.6	4.7
Unrestricted (Deficit)	(5.0)	(0.2)	(0.1)	0.1	0.1	0.1	(4.9)	(0.1)	-
<i>Total Net Assets</i>	<u>\$ 9.7</u>	<u>\$ 13.6</u>	<u>\$ 13.6</u>	<u>\$ 0.4</u>	<u>\$ 0.4</u>	<u>\$ 0.4</u>	<u>\$ 10.1</u>	<u>\$ 14.0</u>	<u>\$ 14.0</u>

Total Assets decreased by \$2.4 million or 3.6 percent. Current assets decreased \$1.9 million and capital assets decreased by \$0.5 million as depreciation expenses more than offset capital additions.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

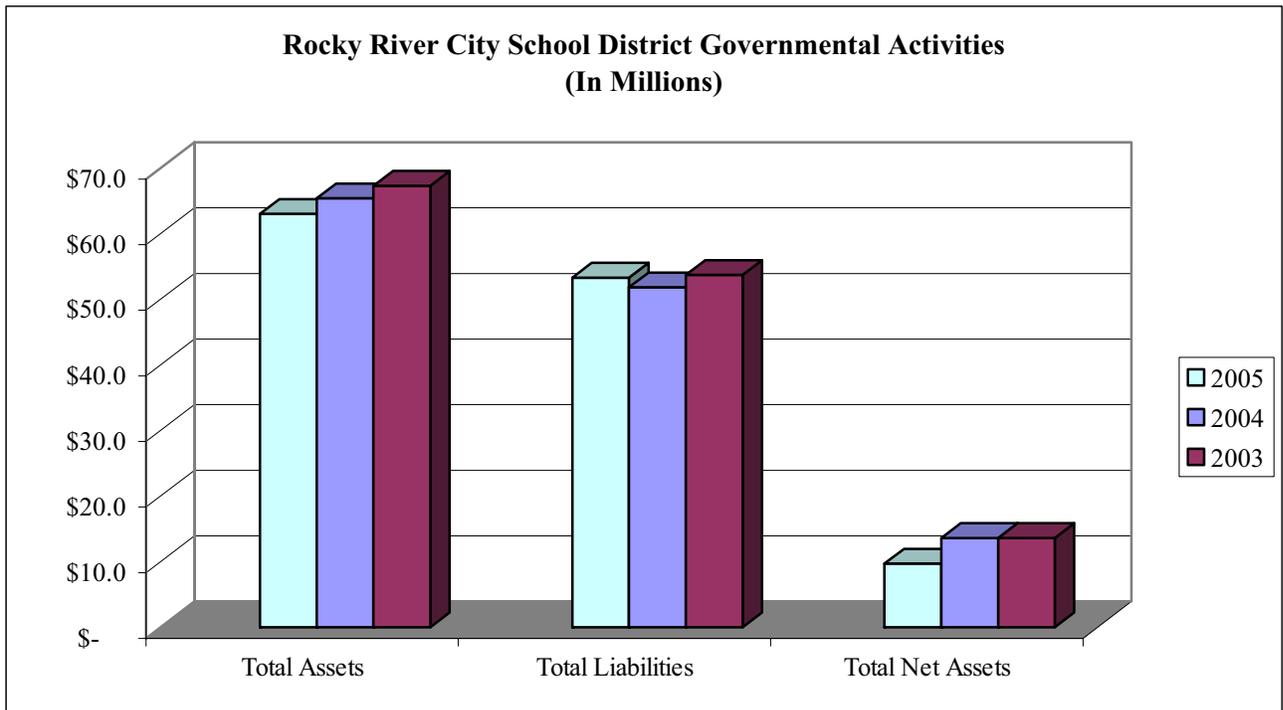
**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Total Liabilities increased by \$1.5 million. Long-term liabilities decreased \$1.4 million and other liabilities increased by \$2.9 million due to increased deferred revenue.

The negative unrestricted portion of net assets of \$5.0 million was a decrease of \$4.8 million from 2004.

Graph 1
Net Assets Governmental Activities
(In millions)

	2005	2004	2003
Total Assets	\$63.0	\$65.4	\$67.3
Total Liabilities	53.3	51.8	53.7
Total Net Assets	\$9.7	\$13.6	\$13.6



The District's assets declined \$2.4 million and total liabilities increased by \$1.5 million. As a result, net assets decreased \$3.9 million at the end of fiscal year 2005.

**ROCKY RIVER CITY SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 2
Changes in Net Assets
(In millions)

	Governmental Activities			Business-Type Activities			Total		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
Revenues									
Program Revenues:									
Charges for Services and Sales	\$0.9	\$0.7	\$0.7	\$0.7	\$0.7	\$0.6	\$1.6	\$1.4	\$1.3
Operating Grants and Contributions	2.2	1.9	1.8	0.1	0.1	0.1	2.3	2.0	1.9
Capital Grants and Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Total Program Revenues</i>	<u>3.1</u>	<u>2.6</u>	<u>2.5</u>	<u>0.8</u>	<u>0.8</u>	<u>0.7</u>	<u>3.9</u>	<u>3.4</u>	<u>3.2</u>
General Revenues:									
Property Taxes	20.5	23.3	19.0	0.0	0.0	0.0	20.5	23.3	19.0
Grants and Entitlements	4.4	4.4	4.3	0.0	0.0	0.0	4.4	4.4	4.3
Other	0.3	0.1	0.2	0.0	0.0	0.0	0.3	0.1	0.2
<i>Total General Revenues</i>	<u>25.2</u>	<u>27.8</u>	<u>23.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>25.2</u>	<u>27.8</u>	<u>23.5</u>
<i>Total Revenues</i>	<u>28.3</u>	<u>30.4</u>	<u>26.0</u>	<u>0.8</u>	<u>0.8</u>	<u>0.7</u>	<u>29.1</u>	<u>31.2</u>	<u>26.7</u>
Program Expenses									
Instruction	17.0	15.9	15.3	0.0	0.0	0.0	17.0	15.9	15.3
Support Services:									
Pupils and Instructional Staff	3.0	2.5	2.3	0.0	0.0	0.0	3.0	2.5	2.3
Board of Education, Administration, Fiscal and Business	3.1	2.7	2.5	0.0	0.0	0.0	3.1	2.7	2.5
Operation and Maintenance of Plant	3.4	3.3	3.0	0.0	0.0	0.0	3.4	3.3	3.0
Pupil Transportation	1.2	1.4	1.0	0.0	0.0	0.0	1.2	1.4	1.0
Central	0.9	0.6	0.6	0.0	0.0	0.0	0.9	0.6	0.6
Extracurricular Activities	0.7	1.3	0.9	0.0	0.0	0.0	0.7	1.3	0.9
Intergovernmental and									
Non-Instructional Services	1.4	1.3	1.4	0.0	0.0	0.0	1.4	1.3	1.4
Interest and Fiscal Charges	1.5	1.4	1.5	0.0	0.0	0.0	1.5	1.4	1.5
Food Service	0.0	0.0	0.0	0.5	0.5	0.4	0.5	0.5	0.4
Uniform School Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Community Programs	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3
<i>Total Expenses</i>	<u>32.2</u>	<u>30.4</u>	<u>28.5</u>	<u>0.8</u>	<u>0.8</u>	<u>0.7</u>	<u>33.0</u>	<u>31.2</u>	<u>29.2</u>
<i>Increase (Decrease) in Net Assets</i>	(3.9)	0.0	(2.5)	0.0	0.0	0.0	(3.9)	0.0	(2.5)
<i>Net Assets July 1</i>	<u>13.6</u>	<u>13.6</u>	<u>16.1</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>14.0</u>	<u>14.0</u>	<u>16.5</u>
<i>Net Assets June 30</i>	<u>\$9.7</u>	<u>\$13.6</u>	<u>\$13.6</u>	<u>\$0.4</u>	<u>\$0.4</u>	<u>\$0.4</u>	<u>\$10.1</u>	<u>\$14.0</u>	<u>\$14.0</u>

Revenue for *governmental activities* decreased \$2.1 million. This was primarily due to the timing of personal property tax collections by the Cuyahoga County Auditor and refunds made from prior year taxes. In addition, tax revenues decreased as a result of a reduction in both commercial and residential tax valuations granted by the County Board of Revisions and/or State Board of Tax Appeals as well as a slight increase in the delinquency rate of the District.

**ROCKY RIVER CITY SCHOOL DISTRICT
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Expenses for *governmental activities* increased \$1.8 million. Instruction expenses increased \$1.1 million consistent with the District's focus on classroom services.

Instruction and pupil and instructional staff support increased \$1.6 million primarily due to a record increase in employee healthcare costs incurred during fiscal year 2005. These two areas account for 62.1 percent of District expenses for 2005. There were no other significant increases or decreases in expense from 2004.

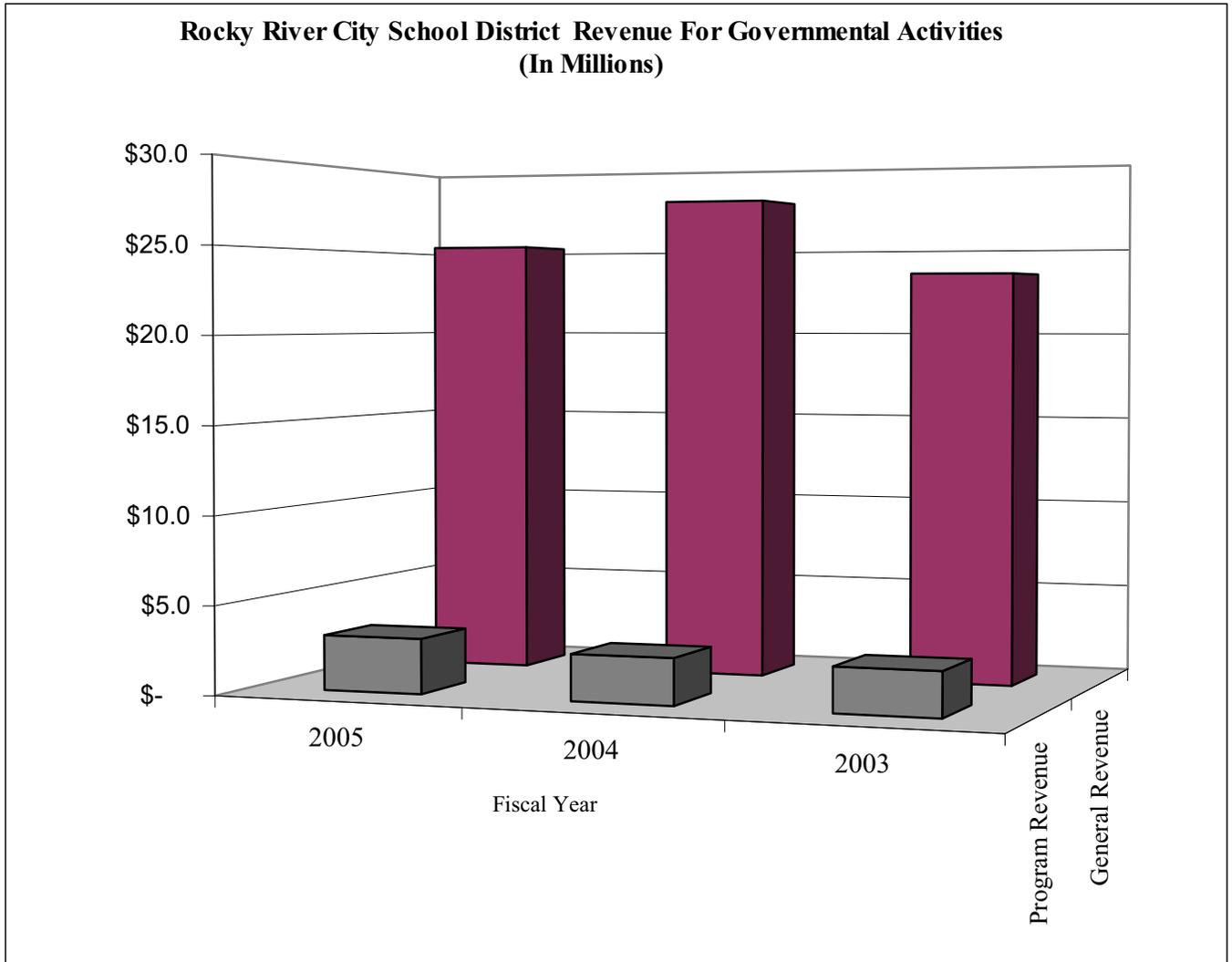
Program revenue support for governmental activities increased \$0.5 million. The percent of program revenue support increased to 11 percent of revenue from 8.6 percent in 2004. The vast majority of revenue supporting governmental activities, over 89 percent, continues to be general revenue. Over 81.3 percent of general revenue, \$20.5 million for 2005 were property taxes paid by the residents in the District. Only \$4.4 million (17.5 percent of general revenue) came from state or federal sources.

Graph 2
Revenues for Governmental Activities

	2005	2004	2003
Program Revenue	\$3.1	\$2.6	\$2.5
General Revenue	25.2	27.8	23.5

**ROCKY RIVER CITY SCHOOL DISTRICT
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The District's property taxes decreased \$2.8 million in 2005. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 72.4 percent of revenues for governmental activities for District in fiscal year 2005.

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

**ROCKY RIVER CITY SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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TABLE 3
Governmental Activities
(In millions)

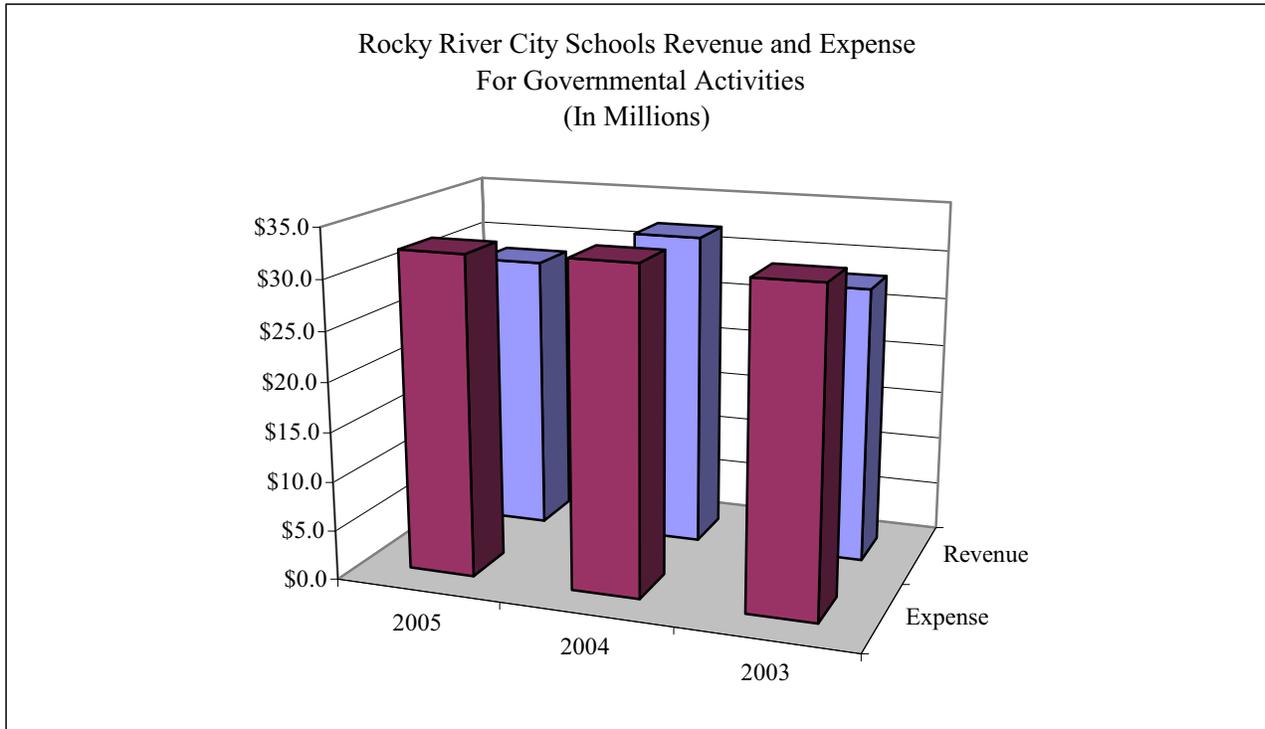
	2005		2004		2003	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	17.0	16.1	15.9	15.3	15.3	14.6
Support Services:						
Pupils and Instructional Staff	3.0	2.8	2.5	2.3	2.3	2.1
Board of Education, Administration, Fiscal and Business	3.1	3.1	2.7	2.7	2.5	2.5
Operation and Maintenance of Plant	3.4	2.9	3.3	3.2	3.0	2.9
Pupil Transportation	1.2	1.2	1.4	1.4	1.0	1.0
Central	0.9	0.9	0.6	0.6	0.6	0.6
Extracurricular Activities	0.7	0.5	1.3	1.0	0.9	0.6
Intergovernmental and Non-Instructional Services	1.4	0.1	1.3	0.0	1.4	0.1
Interest and Fiscal Charges	1.5	1.5	1.4	1.4	1.5	1.5
Total	\$32.2	\$29.1	\$30.4	\$27.9	\$28.5	\$25.9

Graph 3
Revenue and Expenses for Governmental Activities

	2005	2004	2003
Revenue	\$28.3	\$30.4	\$26.0
Expense	32.2	30.4	28.5

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Program revenue for governmental activities in 2005 was \$3.1 million or 11 percent of all revenue. For 2004, program revenue was \$2.6 million, or 8.6 percent of all revenue. The largest expense area was instruction, comprising \$17.0 million, 52.8 percent of all governmental activity expenses.

Business-Type Activities

Business-type activities include food service, uniform school supplies and community programs.

Total assets for business-type activities decreased by \$34,528, primarily in cash and cash equivalents and intergovernmental receivable. Total liabilities also decreased by about \$5,889. While accounts payable increased by \$4,690, intergovernmental and pension obligations payable decreased by \$18,454. As a result, total net assets declined by \$28,639.

Most program expenses for business-type activities are supported by program revenue. Of the \$806,683 in revenue for 2005, 99.3 percent was program revenue, primarily charges for services.

On an individual program basis, program revenue was over (under) program expenses as follows:

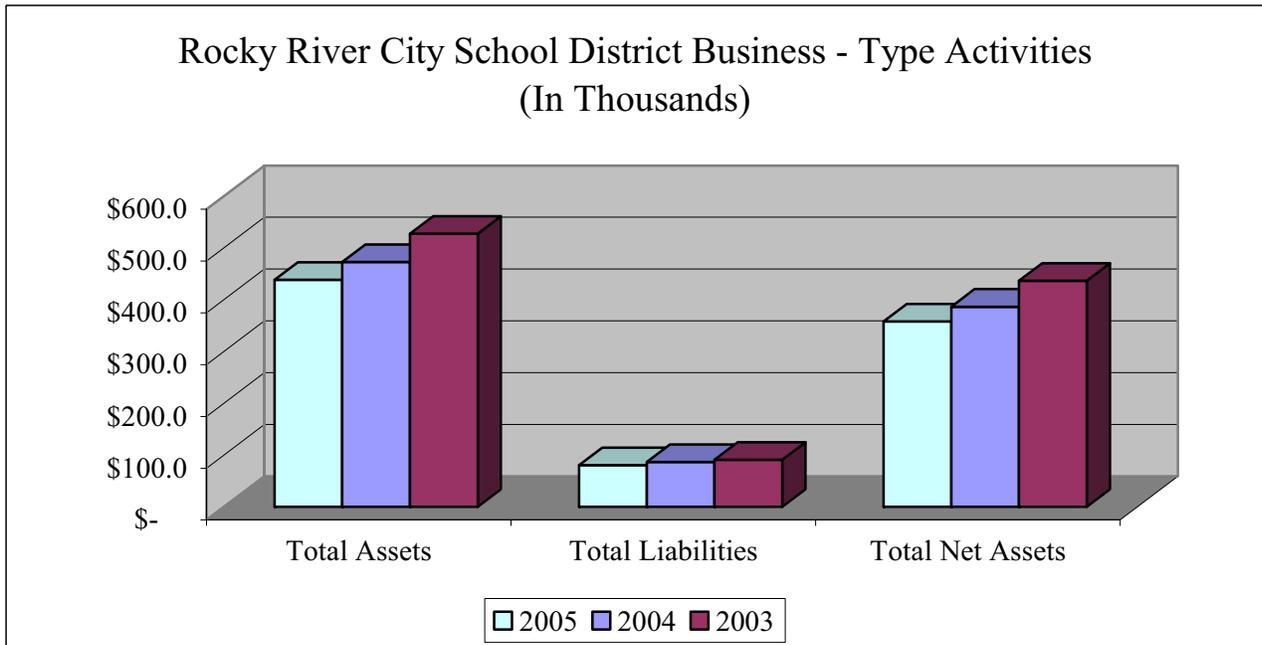
	In Thousands		
	2005	2004	2003
Food Service	\$3.3	(\$26.9)	(\$3.9)
Uniform School Supplies	(5.0)	3.8	1.7
Community Programs	(32.6)	(31.7)	(10.7)

**ROCKY RIVER CITY SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Graph 4
Net Assets Business-Type Activities
(In thousands)

	2005	2004	2003
Total Assets	\$438.6	\$473.1	\$527.4
Total Liabilities	80.6	86.5	90.7
Total Net Assets	\$358.0	\$386.6	\$436.7



The District's Governmental Funds

The District's major governmental funds are reported on pages 36-39. All governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$28.5 million and expenditures of \$33.8 million. The net change in fund balance for the year was most significant in the general fund. The general fund balance decreased by \$4.7 million primarily due to the decrease in tax revenue coupled with an increase in healthcare costs incurred in fiscal year 2005. These items are further explained on pages 19-20.

General Fund Budgeting Highlights

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

During the course of fiscal 2005, the District amended its general fund budget numerous times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

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For the general fund, budget basis revenue was \$23.6 million, slightly below original budget estimates of \$24.2 million. This difference was primarily due to lower than anticipated tax revenue.

Total expenditures on the budget basis (cash outlays plus encumbrances) were \$26.9 million, about \$1.0 million above the District's original budget. This was primarily due to larger than anticipated spending on instruction. On a budget basis, actual expenditures exceeded revenues by \$3.3 million.

The general fund budgetary statement can be found on page 40.

Capital Assets and Debt Administration

Capital Assets

**Table 4
Capital Assets
(In millions)**

	Governmental Activities			Business Type Activities			Totals		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
Land	\$0.7	\$0.7	\$0.7	\$0.1	\$0.1	\$0.1	\$0.8	\$0.8	\$0.8
Construction in Progress	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Land Improvements	1.7	0.9	1.0	0.0	0.0	0.0	1.7	0.9	1.0
Buildings and Improvements	30.1	31.4	32.2	0.2	0.2	0.2	30.3	31.6	32.4
Furniture and Equipment	1.1	0.9	0.9	0.0	0.0	0.0	1.1	0.9	0.9
Vehicles	0.5	0.6	0.4	0.0	0.0	0.0	0.5	0.6	0.4
<i>Total</i>	<u>\$34.1</u>	<u>\$34.6</u>	<u>\$35.2</u>	<u>\$0.3</u>	<u>\$0.3</u>	<u>\$0.3</u>	<u>\$34.4</u>	<u>\$34.9</u>	<u>\$35.5</u>

At the end of fiscal 2005, the District had \$34.4 million in capital assets. This is the value of land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles after depreciation is taken off their value. Of this total, \$34.1 million was in governmental activities. The largest component of these capital assets is buildings and improvements.

Total capital assets decreased from \$34.9 million in 2004 to \$34.4 million for 2005. This decrease was the result of capital acquisitions not fully offsetting depreciation expense.

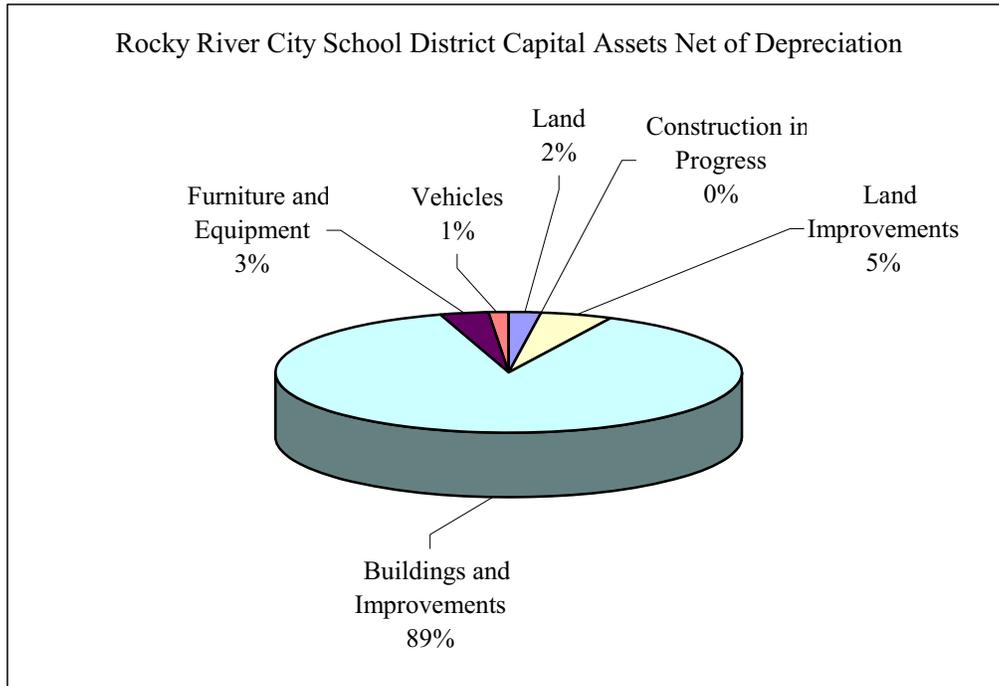
For additional information on capital assets, see Note 9 to the basic financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Graph 5
Total Capital Assets
(In millions)

	<u>Total 2005</u>
Land	\$0.8
Construction in Progress	0.0
Land Improvements	1.7
Building and Improvements	30.3
Furniture and Equipment	1.1
Vehicles	0.5
Total	<u><u>\$34.4</u></u>

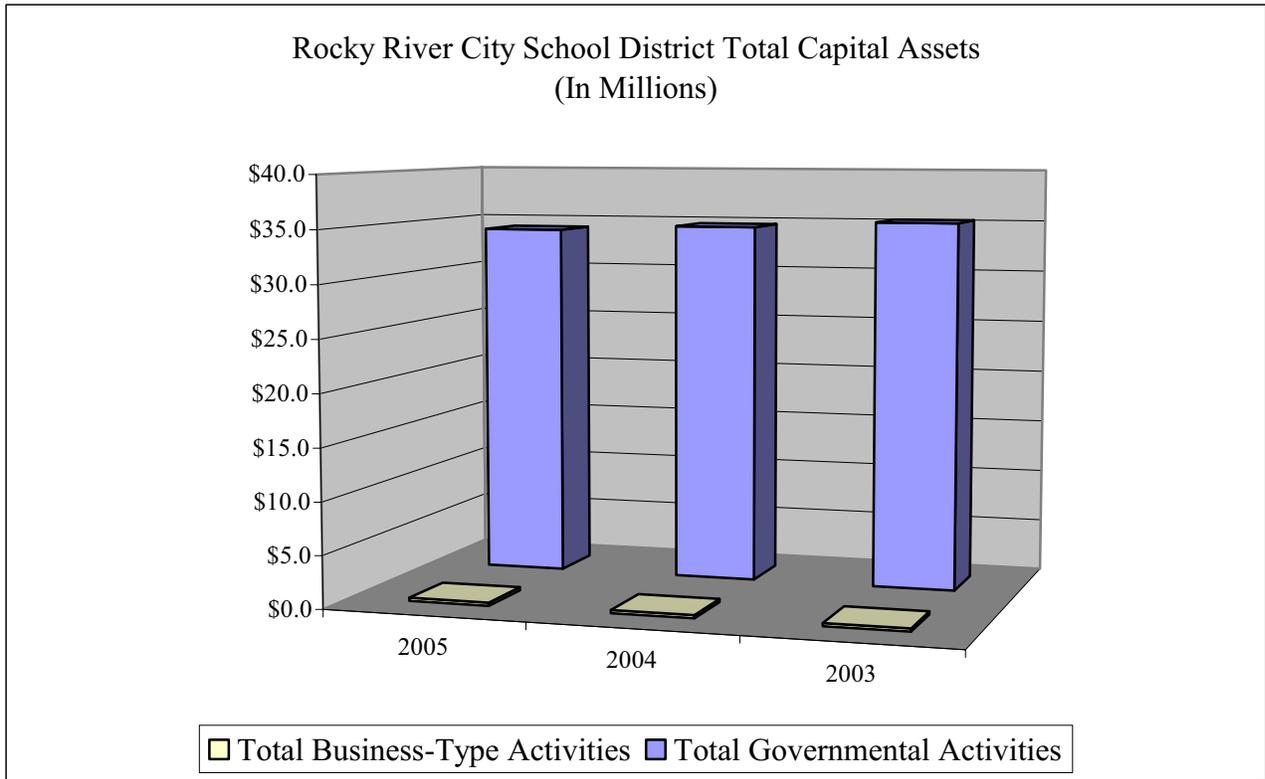


**ROCKY RIVER CITY SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Graph 6
Capital Assets – Governmental and Business-Type Activities
(In millions)

	2005	2004	2003
Total Governmental Activities	\$34.1	\$34.6	\$35.2
Total Business-Type Activities	0.3	0.3	0.3



Debt

At June 30, 2005 the District had \$23.6 million in bonds outstanding.

Table 5
Outstanding Debt at Year End
(In millions)

	Governmental Activities		
	2005	2004	2003
School Building General Obligation Bonds	\$18.4	\$19.3	\$20.3
School Building Refunding Bonds	5.2	5.8	6.5
<i>Total</i>	\$23.6	\$25.1	\$26.8

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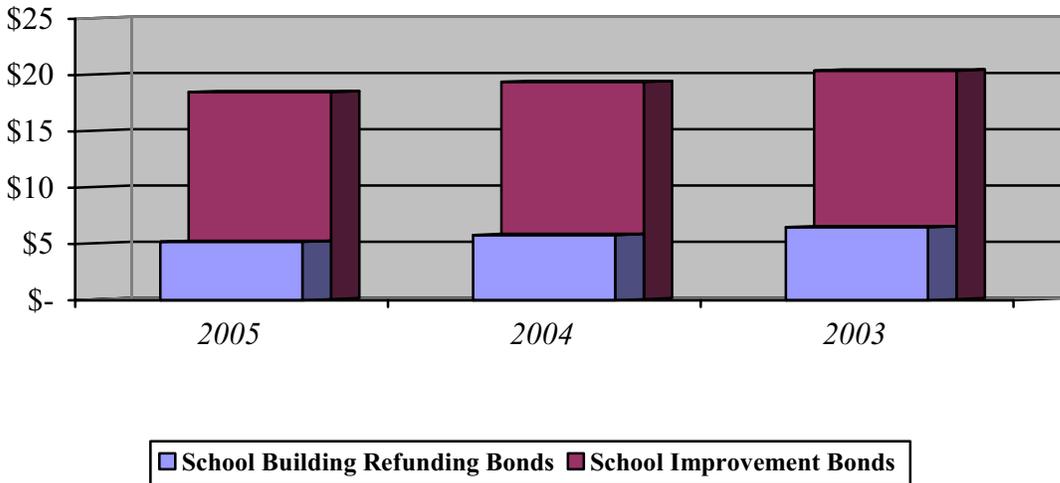
The School Building Improvement Bonds were issued following passage of the bond issue in November 1997. The bonds were issued in February 1998 in the amount of \$24.5 million. The proceeds of the issue funded the construction of the new middle school and renovations of the other facilities in the District.

The School Building Refunding Bonds were issued in September 1996 in the amount of \$10.0 million to advance refund bonds issued in January 1991. The original issue of these bonds followed passage of a bond issue at the regular election held in November 1989.

The District overall debt margin increased to \$41.8 million. This is the additional amount the District could issue as debt. The debt margin has increased \$.9 million, or 2.2 percent, in one year, due to the paying down of current debt and increasing property valuations. For additional information on debt, see Note 10 to the basic financial statements.

Graph 7
Outstanding Debt at Year End

Rocky River City School District Outstanding Debt at Year End
(In Millions)

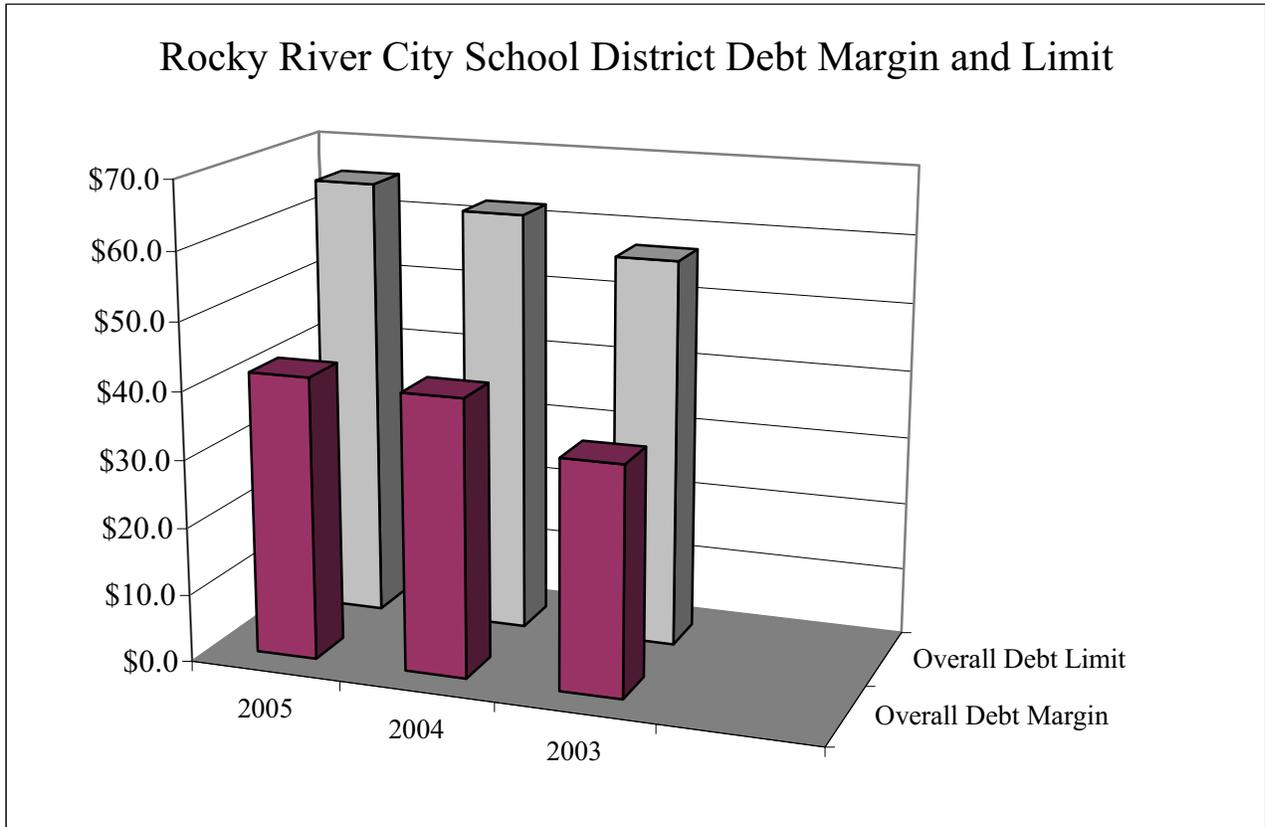


**ROCKY RIVER CITY SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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Graph 8
Debt Limit and Margin

	2005	2004	2003
Overall Debt Limit	\$62.3	\$62.3	\$57.2
Overall Debt Margin	41.8	40.9	33.8



District Outlook

The Rocky River City School District is currently experiencing as rough and challenging a time financially as it has experienced since the early 1990's. As the preceding information shows, the District heavily depends on its property taxpayers. With the passage of a 4.9 mill-operating levy in May of 2005, the District plans to continue its currently excellent education programs for another three year levy cycle. However, with the continued financial pressures of personnel needs, employee healthcare costs, facilities needs, the continued erosion of the commercial tax base through state tax law changes detrimental to schools (e.g. the "phase out" of the personal property tax) as well as commercial and residential reductions in property values leading to significant lost revenues, this will be extremely difficult to realize. A once healthy General Fund cash balance was brought down to a dangerously low level at the end of fiscal year 2005, which does not leave any "safety net" for the District in the case of less-than-expected revenues and/or higher-than-expected costs.

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While the District was successful in increasing its tax revenue base by \$3.4 million annually, this increase is a one-time increase. State law fixes the amount of this increase, forcing it to remain nearly constant. Thus management must diligently plan expenses, staying carefully within the District's available revenue stream.

Educationally, the District continues to perform among the highest level as determined by the State of Ohio, which is measured by an objectively defined set of proficiency criteria. This District's most recent state report card shows its students having met or exceeded the minimum requirements on 22 out of 23 objective performance indicators as mandated by the State of Ohio, therefore receiving an "Excellent" designation from the State.

State funding remains a concern as well. Since 1993 the state system of funding schools has been under court challenge, challenging both the equity and adequacy of Ohio's system of funding public education. In the most recent filings 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 Districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to 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 in December 2003.

In response to the school funding issue, the Governor of the State of Ohio assembled a "Blue Ribbon Task Force on Financing Student Successes" to offer recommendations on how the State can better fund education. This task force issued a report of their recommendations in February of 2005 that can be accessed by visiting <http://www.blueribbontaskforce.ohio.gov/02022005brtf.pdf>.

In June 2005, the State Legislature made landmark changes to the State's taxing structure with the passage of House Bill 66 to take effect July 1, 2005. The most significant tax law changes as a result of this bill include the following:

- **Introduction of the new commercial activity tax (CAT), an annual business privilege tax measured by a business's gross receipt.** The amount of taxable gross receipts determines whether or how the CAT applies. Businesses with annual gross receipts of \$150,000 or less are not subject to the CAT; those with receipts from \$150,001 - \$1,000,000 pay a minimum \$150 tax; receipts exceeding one million dollars -- when the tax is fully phased in -- will be taxed at a rate of 0.26 percent (tax rate for the first tax period from July 1, 2005 to December 31, 2005 is only 0.06 percent).
- **Phase-out over five years of the corporation franchise tax at the rate of 20 percent annually beginning in tax year 2006.**

**ROCKY RIVER CITY SCHOOL DISTRICT
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- **Phase-out of the tangible personal property (TPP) tax on most businesses inventory, manufacturing machinery and equipment, and furniture and fixtures over four years at about 25 percent annually beginning in tax year 2006.** Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will be subject to no TPP tax. Ohio School Districts will be held "harmless" for lost revenue through tax year 2009 by the State. Reimbursements will then be phased out through tax year 2018.
- **The individual income tax rate cut for all tax brackets of 4.2 percent for tax year 2005 and an additional 4.2 percent (from 2004 rates) each year through 2009 for a total cut of 21 percent.**
- **The state sales tax rate cut from 6 to 5.5 percent.** The vendor discount of .9 percent remains for timely filed and paid sales tax returns.
- **A cigarette excise tax increase of \$.70 to a total of \$1.25 per pack of 20 cigarettes.** Cigarette wholesalers and retailers must pay the additional 70 cents per pack on cigarettes that were previously taxed but still in inventory at the end of business June 30th.
- **Elimination of the ten percent property tax rollback on most commercial and industrial real property. The rollback remains for residential and agricultural real property.**
- **Ohio's additional estate tax (sponge tax) is eliminated. The Ohio basic estate tax remains in effect.**

The District is currently unable to determine what effects, if any, this new taxing structure will have on future state school funding in general and its specific state funding in particular.

As a result, all of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet students' needs over the next several years.

In conclusion, Rocky River City School District has committed itself to financial excellence for many years. The District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1991 as well as the Association of School Business Officials (ASBO) Certificate of Excellence in financial Reporting for several years. The District was one of the first Districts in the nation to receive the GFOA Certificate of Achievement for its 2001 Comprehensive Annual Financial Report using the new financial reporting model as required by GASB Statement No. 34. In addition, the District's system of budgeting and internal controls is well-regarded and the District is strongly committed to continuous improvement in financial reporting to our community and all other potential users of our financial information. The District's Board and management believe these assertions are evidenced by this report.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors, creditors and the general public with an overview of the District's finances and to show accountability for the money it receives. If you have any questions about this report or would like additional financial information about the District, please contact Greg R. Markus, CPA, Treasurer/CFO at the Rocky River City School District, 21600 Center Ridge Road, Rocky River, Ohio, 44116-3980 or by email at Greg_Markus@admin.rockyriver.k12.oh.us .

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ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents. . .	\$ 3,045,136	\$ 117,177	\$ 3,162,313
Receivables:			
Taxes	25,382,708	-	25,382,708
Accounts	23,155	428	23,583
Intergovernmental	392,009	-	392,009
Accrued interest	14,462	-	14,462
Materials and supplies inventory.	41,600	1,965	43,565
Inventory held for resale	-	13,336	13,336
Capital assets:			
Land	722,230	48,591	770,821
Depreciable capital assets, net.	33,380,334	257,048	33,637,382
Total capital assets, net	34,102,564	305,639	34,408,203
Total assets.	63,001,634	438,545	63,440,179
Liabilities:			
Accounts payable.	168,169	6,190	174,359
Contracts payable	50,000	-	50,000
Accrued wages and benefits	1,939,964	7,377	1,947,341
Pension obligation payable.	683,461	12,790	696,251
Intergovernmental payable	366,882	2,620	369,502
Deferred revenue	21,612,941	-	21,612,941
Accrued interest payable	110,313	-	110,313
Claims payable	516,331	-	516,331
Long-term liabilities:			
Due within one year.	2,449,105	4,686	2,453,791
Due within more than one year	25,456,962	46,916	25,503,878
Total liabilities	53,354,128	80,579	53,434,707
Net Assets:			
Invested in capital assets, net of related debt.	11,366,558	305,639	11,672,197
Restricted for:			
Capital projects	48,765	-	48,765
Debt service.	3,053,883	-	3,053,883
Locally funded programs	8,502	-	8,502
State funded programs	18,842	-	18,842
Federally funded programs	27,589	-	27,589
Student activities	8,563	-	8,563
Budget stabilization.	101,708	-	101,708
Other purposes	10,630	-	10,630
Unrestricted	(4,997,534)	52,327	(4,945,207)
Total net assets	\$ 9,647,506	\$ 357,966	\$ 10,005,472

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 13,350,039	\$ 245,703	\$ 128,139	\$ 22,575
Special	3,117,764	-	504,261	-
Vocational	507,790	-	-	-
Other	30,999	-	-	-
Support services:				
Pupil	1,741,857	-	86,261	-
Instructional staff	1,231,668	-	75,560	-
Board of education	231,170	-	-	-
Administration	1,626,494	-	-	-
Fiscal	836,877	-	-	-
Business	387,559	-	-	-
Operations and maintenance	3,369,609	435,848	-	-
Pupil transportation	1,248,582	-	-	-
Central	936,664	-	8,302	-
Operation of non-instructional services	143,006	-	134,536	-
Extracurricular activities	743,811	200,644	4,119	-
Intergovernmental	1,344,228	-	1,279,995	-
Interest and fiscal charges	1,474,379	-	-	-
Total governmental activities	<u>32,322,496</u>	<u>882,195</u>	<u>2,221,173</u>	<u>22,575</u>
Business-type activities:				
Food service	468,612	375,545	96,418	-
Nonmajor enterprise funds:				
Uniform school supplies	32,643	27,622	-	-
Community programs	334,067	301,436	-	-
Total business-type activities	<u>835,322</u>	<u>704,603</u>	<u>96,418</u>	<u>-</u>
Totals	<u>\$ 33,157,818</u>	<u>\$ 1,586,798</u>	<u>\$ 2,317,591</u>	<u>\$ 22,575</u>

General Revenues:

Property taxes levied for:
General purposes
Debt service
Grants and entitlements not restricted to specific programs
Investment earnings
Gain on sale of capital assets
Miscellaneous
Total general revenues
Change in net assets
Net assets at beginning of year
Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (12,953,622)	\$ -	\$ (12,953,622)
(2,613,503)	-	(2,613,503)
(507,790)	-	(507,790)
(30,999)	-	(30,999)
(1,655,596)	-	(1,655,596)
(1,156,108)	-	(1,156,108)
(231,170)	-	(231,170)
(1,626,494)	-	(1,626,494)
(836,877)	-	(836,877)
(387,559)	-	(387,559)
(2,933,761)	-	(2,933,761)
(1,248,582)	-	(1,248,582)
(928,362)	-	(928,362)
(8,470)	-	(8,470)
(539,048)	-	(539,048)
(64,233)	-	(64,233)
(1,474,379)	-	(1,474,379)
<u>(29,196,553)</u>	<u>-</u>	<u>(29,196,553)</u>
-	3,351	3,351
-	(5,021)	(5,021)
-	<u>(32,631)</u>	<u>(32,631)</u>
-	<u>(34,301)</u>	<u>(34,301)</u>
<u>(29,196,553)</u>	<u>(34,301)</u>	<u>(29,230,854)</u>
17,833,031	-	17,833,031
2,622,588	-	2,622,588
4,443,667	-	4,443,667
174,957	-	174,957
5,942	-	5,942
<u>154,951</u>	<u>5,662</u>	<u>160,613</u>
<u>25,235,136</u>	<u>5,662</u>	<u>25,240,798</u>
(3,961,417)	(28,639)	(3,990,056)
<u>13,608,923</u>	<u>386,605</u>	<u>13,995,528</u>
<u>\$ 9,647,506</u>	<u>\$ 357,966</u>	<u>\$ 10,005,472</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 512,919	\$ 2,214,232	\$ 46,877	\$ 164,125	\$ 2,938,153
Receivables:					
Taxes	22,508,296	2,874,412	-	-	25,382,708
Accounts	20,035	-	-	3,120	23,155
Intergovernmental	281,373	-	-	110,636	392,009
Accrued interest	14,462	-	-	-	14,462
Interfund loans	30,460	445,452	-	-	475,912
Materials and supplies inventory	41,600	-	-	-	41,600
Restricted assets:					
Equity in pooled cash and cash equivalents	101,708	-	-	-	101,708
Total assets	<u>\$ 23,510,853</u>	<u>\$ 5,534,096</u>	<u>\$ 46,877</u>	<u>\$ 277,881</u>	<u>\$ 29,369,707</u>
Liabilities:					
Accounts payable	\$ 152,809	\$ -	\$ -	\$ 15,360	\$ 168,169
Contracts payable	29,736	-	-	20,264	50,000
Accrued wages and benefits	1,925,974	-	-	13,989	1,939,963
Compensated absences payable	827,191	-	-	-	827,191
Pension obligation payable.	679,833	-	-	3,628	683,461
Intergovernmental payable	334,211	304	-	32,368	366,883
Interfund loan payable	-	-	-	475,912	475,912
Deferred revenue	20,315,929	2,471,761	-	-	22,787,690
Total liabilities	<u>24,265,683</u>	<u>2,472,065</u>	<u>-</u>	<u>561,521</u>	<u>27,299,269</u>
Fund Balances:					
Reserved for encumbrances	402,886	-	22,573	58,021	483,480
Reserved for budget stabilization	101,708	-	-	-	101,708
Reserved for property tax unavailable for appropriation	2,444,211	401,203	-	-	2,845,414
Reserved for debt service.	-	2,660,828	-	-	2,660,828
Reserved for unclaimed monies	10,630	-	-	-	10,630
Unreserved, undesignated (deficit), reported in:					
General fund	(3,714,265)	-	-	-	(3,714,265)
Special revenue funds.	-	-	-	101,848	101,848
Capital projects funds.	-	-	24,304	(443,509)	(419,205)
Total fund balances (deficit)	<u>(754,830)</u>	<u>3,062,031</u>	<u>46,877</u>	<u>(283,640)</u>	<u>2,070,438</u>
Total liabilities and fund balances	<u>\$ 23,510,853</u>	<u>\$ 5,534,096</u>	<u>\$ 46,877</u>	<u>\$ 277,881</u>	<u>\$ 29,369,707</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2005

Total governmental fund balances		\$	2,070,438
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			34,102,564
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	901,164	
Accrued interest		3,585	
Intergovernmental		270,000	
Total			1,174,749
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			(511,056)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(23,575,348)	
Compensated absences		(3,316,650)	
Capital lease obligation		(186,878)	
Accrued interest payable		(110,313)	
Total			(27,189,189)
Net assets of governmental activities		\$	9,647,506

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 18,166,171	\$ 2,685,152	\$ -	\$ -	\$ 20,851,323
Tuition	132,903	-	-	-	132,903
Earnings on investments.	161,992	-	2,221	7,159	171,372
Extracurricular.	-	-	-	200,644	200,644
Classroom materials and fees	13,595	-	-	-	13,595
Contributions and donations.	500	-	-	38,920	39,420
Rentals	19,218	-	46,830	99,800	165,848
Other local revenues.	101,883	-	-	152,273	254,156
Intergovernmental - State	4,065,237	378,430	-	1,384,476	5,828,143
Intergovernmental - Federal.	-	-	-	820,849	820,849
Total revenue	<u>22,661,499</u>	<u>3,063,582</u>	<u>49,051</u>	<u>2,704,121</u>	<u>28,478,253</u>
Expenditures:					
Current:					
Instruction:					
Regular	12,853,350	-	-	140,328	12,993,678
Special.	2,682,379	-	-	520,877	3,203,256
Vocational.	481,957	-	-	-	481,957
Other	26,928	-	-	-	26,928
Support Services:					
Pupil.	1,474,450	-	-	181,753	1,656,203
Instructional staff	996,936	-	-	99,110	1,096,046
Board of education	229,603	-	-	-	229,603
Administration.	1,473,548	-	-	-	1,473,548
Fiscal	754,097	38,650	-	-	792,747
Business	381,943	-	-	-	381,943
Operations and maintenance.	3,079,464	-	4,422	-	3,083,886
Pupil transportation	1,153,653	-	-	-	1,153,653
Central.	869,607	-	-	4,305	873,912
Operation of non-instructional services.	-	-	-	139,218	139,218
Extracurricular activities	712,757	-	-	344,707	1,057,464
Facilities acquisition and construction	119,717	-	352,411	38,547	510,675
Capital outlay	229,845	-	-	-	229,845
Intergovernmental pass through.	-	-	-	1,366,841	1,366,841
Debt service:					
Principal retirement	42,967	1,860,000	-	-	1,902,967
Interest and fiscal charges	7,341	1,166,904	-	4,800	1,179,045
Total expenditures	<u>27,570,542</u>	<u>3,065,554</u>	<u>356,833</u>	<u>2,840,486</u>	<u>33,833,415</u>
Excess of revenues under expenditures	<u>(4,909,043)</u>	<u>(1,972)</u>	<u>(307,782)</u>	<u>(136,365)</u>	<u>(5,355,162)</u>
Other financing sources (uses):					
Transfers in	-	-	-	1,324	1,324
Transfers (out)	(1,324)	-	-	-	(1,324)
Capital lease transaction	229,845	-	-	-	229,845
Proceeds from sale of capital assets.	5,942	-	-	-	5,942
Total other financing sources (uses)	<u>234,463</u>	<u>-</u>	<u>-</u>	<u>1,324</u>	<u>235,787</u>
Net change in fund balances	(4,674,580)	(1,972)	(307,782)	(135,041)	(5,119,375)
Fund balances (deficit) at beginning					
of year (restated)	<u>3,919,750</u>	<u>3,064,003</u>	<u>354,659</u>	<u>(148,599)</u>	<u>7,189,813</u>
Fund balances (deficit) at end of year	<u>\$ (754,830)</u>	<u>\$ 3,062,031</u>	<u>\$ 46,877</u>	<u>\$ (283,640)</u>	<u>\$ 2,070,438</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds \$ (5,119,375)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital asset additions	\$	1,235,538	
Current year depreciation		(1,782,349)	
Total			(546,811)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported on the statement of activities:

Increase in accrued interest payable		(8,549)	
Accretion of interest on "capital appreciation" bonds		(286,785)	
			(295,334)

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

Taxes		(395,704)	
Interest		3,585	
Intergovernmental		269,003	
Total			(123,116)

Repayment of bonds and capital lease obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:

Bonds		1,860,000	
Capital lease		42,967	
Total			1,902,967

Proceeds of capital lease transactions are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.

(229,845)

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

(422,437)

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

872,534

Change in net assets of governmental activities \$ (3,961,417)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 19,581,759	\$ 18,960,078	\$ 18,963,195	\$ 3,117
Tuition	135,820	150,000	131,530	(18,470)
Earnings on investments.	156,857	195,000	151,902	(43,098)
Classroom materials and fees	14,038	11,000	13,595	2,595
Contributions and donations.	500	500	500	-
Rentals.	45,660	60,500	44,218	(16,282)
Other local revenues.	110,424	163,000	106,920	(56,080)
Intergovernmental - State	4,197,842	4,063,993	4,065,237	1,244
Total revenue	<u>24,242,900</u>	<u>23,604,071</u>	<u>23,477,097</u>	<u>(126,974)</u>
Expenditures:				
Current:				
Instruction:				
Regular	12,047,413	12,508,006	12,494,547	13,459
Special.	2,785,928	2,892,439	2,814,708	77,731
Vocational.	446,806	463,888	463,306	582
Other	23,617	24,520	24,518	2
Support Services:				
Pupil.	1,406,357	1,460,124	1,459,861	263
Instructional staff	874,520	907,955	906,589	1,366
Board of education	32,796	34,049	24,140	9,909
Administration.	1,464,587	1,520,582	1,517,058	3,524
Fiscal	576,302	598,337	597,679	658
Business	380,296	394,836	390,738	4,098
Operations and maintenance.	3,126,995	3,246,545	3,245,946	599
Pupil transportation	1,150,783	1,194,780	1,194,748	32
Central.	765,467	794,732	779,131	15,601
Extracurricular activities.	704,648	731,589	713,510	18,079
Facilities acquisition and construction	105,949	110,000	89,981	20,019
Debt service:				
Principal retirement	33,711	35,000	35,000	-
Total expenditures	<u>25,926,175</u>	<u>26,917,382</u>	<u>26,751,460</u>	<u>165,922</u>
Excess of revenues over (under) expenditures.	<u>(1,683,275)</u>	<u>(3,313,311)</u>	<u>(3,274,363)</u>	<u>38,948</u>
Other financing sources (uses):				
Refund of prior year expenditure	-	-	609	609
Refund of prior year receipts.	-	-	(10)	(10)
Transfers out	(1,354)	(1,400)	(1,324)	76
Advances out	-	-	(30,460)	(30,460)
Total other financing sources (uses)	<u>(1,354)</u>	<u>(1,400)</u>	<u>(31,185)</u>	<u>(29,785)</u>
Net change in fund balance	(1,684,629)	(3,314,711)	(3,305,548)	9,163
Fund balance at beginning of year	2,793,676	2,793,676	2,793,676	-
Prior year encumbrances appropriated	632,084	632,084	632,084	-
Fund balance at end of year	<u>\$ 1,741,131</u>	<u>\$ 111,049</u>	<u>\$ 120,212</u>	<u>\$ 9,163</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Food Service</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 70,746	\$ 46,431	\$ 117,177	\$ 5,275
Receivables:				
Accounts	13	415	428	-
Inventory held for resale	9,218	4,118	13,336	-
Materials and supplies inventory	1,965	-	1,965	-
Total current assets	<u>81,942</u>	<u>50,964</u>	<u>132,906</u>	<u>5,275</u>
Noncurrent assets:				
Land	-	48,591	48,591	-
Depreciable capital assets, net	24,105	232,943	257,048	-
Total assets	<u>106,047</u>	<u>332,498</u>	<u>438,545</u>	<u>5,275</u>
Liabilities:				
Accounts payable.	-	6,190	6,190	-
Accrued wages and benefits	5,674	1,703	7,377	-
Compensated absences.	4,686	-	4,686	-
Pension obligation payable.	10,623	2,167	12,790	-
Intergovernmental payable	2,174	446	2,620	-
Claims payable	-	-	-	516,331
Total current liabilities	<u>23,157</u>	<u>10,506</u>	<u>33,663</u>	<u>516,331</u>
Long-term liabilities:				
Compensated absences payable.	36,281	10,635	46,916	-
Total liabilities	<u>59,438</u>	<u>21,141</u>	<u>80,579</u>	<u>516,331</u>
Net assets:				
Invested in capital assets	24,105	281,534	305,639	-
Unrestricted.	22,504	29,823	52,327	(511,056)
Total net assets	<u>\$ 46,609</u>	<u>\$ 311,357</u>	<u>\$ 357,966</u>	<u>\$ (511,056)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	Nonmajor Enterprise Funds	Total	
Operating revenues:				
Tuition and fees.	\$ -	\$ 329,058	\$ 329,058	\$ -
Sales/charges for services.	375,545	-	375,545	3,004,334
Other	1,453	4,209	5,662	-
Total operating revenues	376,998	333,267	710,265	3,004,334
Operating expenses:				
Personal services.	186,675	30,754	217,429	-
Purchased services.	10,154	105,560	115,714	313,332
Materials and supplies	41,651	126,551	168,202	-
Cost of sales	225,491	32,643	258,134	-
Depreciation	4,641	17,264	21,905	-
Claims	-	-	-	3,113,439
Other.	-	53,938	53,938	-
Total operating expenses.	468,612	366,710	835,322	3,426,771
Operating loss	(91,614)	(33,443)	(125,057)	(422,437)
Nonoperating revenues:				
Federal donated commodities	40,994	-	40,994	-
Grants and subsidies	55,424	-	55,424	-
Total nonoperating revenues.	96,418	-	96,418	-
Change in net assets	4,804	(33,443)	(28,639)	(422,437)
Net assets at beginning of year	41,805	344,800	386,605	(88,619)
Net assets at end of year.	\$ 46,609	\$ 311,357	\$ 357,966	\$ (511,056)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Food Service</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
Cash flows from operating activities:				
Cash received from tuition and fees	\$ -	\$ 328,643	\$ 328,643	\$ -
Cash received from sales/charges for services.	375,658	-	375,658	3,004,334
Cash received from other operations.	1,453	4,209	5,662	-
Cash payments for personal services.	(196,933)	(29,346)	(226,279)	-
Cash payments for purchased services	(10,669)	(107,373)	(118,042)	(313,332)
Cash payments for materials and supplies	(41,711)	(121,262)	(162,973)	-
Cash payments for cost of goods sold.	(186,258)	(27,225)	(213,483)	-
Cash payments for claims.	-	-	-	(3,037,436)
Cash payments for other expenses	-	(53,938)	(53,938)	-
Net cash used in operating activities	<u>(58,460)</u>	<u>(6,292)</u>	<u>(64,752)</u>	<u>(346,434)</u>
Cash flows from noncapital financing activities:				
Cash received from grants and subsidies	<u>62,166</u>	<u>-</u>	<u>62,166</u>	<u>-</u>
Net cash provided by noncapital financing activities.	<u>62,166</u>	<u>-</u>	<u>62,166</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>(5,695)</u>	<u>-</u>	<u>(5,695)</u>	<u>-</u>
Net cash used in capital and related financing activities.	<u>(5,695)</u>	<u>-</u>	<u>(5,695)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,989)	(6,292)	(8,281)	(346,434)
Cash and cash equivalents at beginning of year . . .	<u>72,735</u>	<u>52,723</u>	<u>125,458</u>	<u>351,709</u>
Cash and cash equivalents at end of year.	<u>\$ 70,746</u>	<u>\$ 46,431</u>	<u>\$ 117,177</u>	<u>\$ 5,275</u>

(Continued)

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Food Service</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (91,614)	\$ (33,443)	\$ (125,057)	\$ (422,437)
Adjustments:				
Depreciation	4,641	17,264	21,905	-
Federal donated commodities	40,994	-	40,994	-
Changes in assets and liabilities:				
(Increase) in materials and supplies inventory	(60)	-	(60)	-
(Increase) decrease in inventory held for resale	(1,761)	5,418	3,657	-
(Increase) decrease in accounts receivable	113	(415)	(302)	-
Increase in accounts payable	-	4,690	4,690	-
(Decrease) in accrued wages and benefits	(1,263)	(63)	(1,326)	-
(Decrease) in intergovernmental payable	(22,660)	(8,584)	(31,244)	-
Increase in compensated absences payable	3,042	7,888	10,930	-
Increase in pension obligation payable	10,623	2,167	12,790	-
(Decrease) in contracts payable	(515)	(1,214)	(1,729)	-
Increase in claims payable	-	-	-	76,003
Net cash used in operating activities	<u>\$ (58,460)</u>	<u>\$ (6,292)</u>	<u>\$ (64,752)</u>	<u>\$ (346,434)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 48,953	\$ 75,753
Total assets	48,953	\$ 75,753
Liabilities:		
Accounts payable	-	\$ 1,285
Due to students	-	74,468
Total liabilities	-	\$ 75,753
Net Assets:		
Held in trust for scholarships	48,953	
Total net assets	\$ 48,953	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 1,072
Gifts and contributions.	38,225
	39,297
Total additions.	39,297
Deductions:	
Scholarships awarded	30,000
	9,297
Change in net assets	9,297
Net assets at beginning of year.	39,656
Net assets at end of year	\$ 48,953

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Rocky River City School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and federal guidelines.

The District is located in a suburban area west of Cleveland, Ohio. It is located in Cuyahoga County, and encompasses the entire City of Rocky River and a small portion of the City of Fairview Park. It is staffed by 169 certificated, 136 non-certificated and 16 Administrative personnel who provide services to 2,623 students and other community members. The District currently operates a primary school, an intermediate school, a middle school and a high school. The District ranks as the 192nd largest by enrollment among the 613 public school districts in the State.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The District has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The District has elected not to apply these FASB Statements and Interpretations. The most significant of the District's accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". When applying GASB Statement No. 14, management has considered all potential component units. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the debt, the issuance of debt, or the levying of taxes. Based upon the application of these criteria, the District has no component units. The financial statements of the reporting entity include only those of the District (the primary government). The following organization is described due to its relationship to the District:

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

RELATED ORGANIZATION

Rocky River Public Library

The Rocky River Public Library (the "Library") is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District's Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. The Library did not receive any funding from the District during fiscal year 2005. Financial information can be obtained from the Rocky River Public Library, James Wilson Clerk/Treasurer, at 1600 Hampton, Rocky River, Ohio 44116.

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 sixteen public school districts. The primary function of LNOCA is to provide data services to the sixteen 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 Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Board of Education serves as the fiscal agent of LNOCA. Each school district supports LNOCA based upon a per pupil charge dependent upon the software packages used. Rocky River City School District paid \$57,578 to LNOCA during fiscal year 2005. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valleyview, OH 44125.

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2005, the District paid \$2,744 to the Council for annual membership and other fees. Financial information can be obtained by contacting David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 participating school districts terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to the participant to Energy Acquisition Corp.

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

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

INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

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

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

Bond Retirement Fund - The bond retirement fund is used to account for the accumulation of property tax revenues for the payment of general obligation bonds issued for school improvement and the construction of a new middle school.

Permanent Improvement Fund - The Permanent Improvement fund accounts for property taxes levied to be used for various capital improvements within the District.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (b) for grants and other resources whose use is restricted to a particular purpose.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. Proprietary funds consist of enterprise funds and internal service funds.

Enterprise Funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body 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 (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following is the District's only major enterprise fund:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the District.

Other enterprise funds of the District are used to account for uniform school supplies and community programs. These funds are nonmajor funds whose activity has been aggregated and presented in a single column in the financial statements.

Internal Service Fund - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District is used to account for employee health benefits self-insurance, which provides medical, prescription drug and dental benefits to employees.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student managed activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types 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 statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair values of donated commodities received during the year are reported in the financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed prior to fiscal year-end.

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

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary and fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2005, investments were limited to repurchase agreements, federal agency securities, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

The District has invested funds in STAR Ohio during fiscal 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2005.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2005 amounted to \$161,992 which includes \$101,505 assigned from other District funds.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, 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. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used. Inventories for both governmental and proprietary funds are accounted for using the consumption method.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,000 for its general capital assets. The 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. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	30 years	30 years
Building/ improvements	10-30 years	30 years
Furniture/equipment	5-10 years	5-10 years
Vehicles	10 years	N/A

I. Interfund Loans

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. The District had no internal balances at fiscal year-end.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the termination method; i.e., a liability is accrued for earned sick leave to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District’s past experience of making termination payments.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2005, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money set aside to protect against cyclical changes in revenues and expenditures. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Net Assets

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

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

N. Non-public Schools

Within the School District boundaries, St. Christopher, St. Thomas, and Ruffing Montessori Elementary Schools, and Lutheran West and Magnificat High Schools are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the District, as directed by the schools. This activity is reflected as a governmental activity for financial reporting purposes.

O. Estimates

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 16 for additional information regarding set-asides.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service and uniform school supplies and charges for services for community education and self insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the funds. All revenues and expenses not meeting this definition are reported as nonoperating.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2005.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds are eliminated for reporting of governmental activities on the government-wide financial statements.

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND LEGAL COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2005, the District has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures” and GASB Technical Bulletin 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers”.

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the District, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2004	\$ 4,374,114	\$ 3,064,003	\$ 354,659	\$ (145,423)	\$ 7,647,353
GASB Technical Bulletin No. 2004-2	<u>(454,364)</u>	<u>-</u>	<u>-</u>	<u>(3,176)</u>	<u>(457,540)</u>
Restated Fund Balance, June 30, 2004	<u>\$ 3,919,750</u>	<u>\$ 3,064,003</u>	<u>\$ 354,659</u>	<u>\$ (148,599)</u>	<u>\$ 7,189,813</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND LEGAL COMPLIANCE – (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2005 included the following individual fund deficits:

<u>Major Funds</u>	<u>Deficit</u>
General	\$ 754,830
<u>Nonmajor Funds</u>	
Building	445,397
Entry Year Programs	197
SchoolNet Professional Development	52
Ohio Reads	50
Summer Intervention	668
Title III	294
Title II-A	566

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

C. Compliance

Contrary to Ohio Revised Code Section 5705.39, the District had appropriations in excess of estimated resources in the following funds:

<u>Nonmajor Funds</u>	<u>Excess</u>
Building	\$ 344,800
Education Management Information Systems	500

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board 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 moneys 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.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of 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 any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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 (STAR Ohio);
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 classifications by at least two nationally recognized rating agencies.

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

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year-end, the District had \$200 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits with Financial Institutions

At June 30, 2005, the carrying amount of all District deposits was \$286,296, exclusive of the \$622,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$339,297 of the District's bank balance of \$518,733 was exposed to custodial risk as discussed below, while \$179,436 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

C. Investments

As of June 30, 2005, the District had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
Repurchase Agreement	\$ 622,000	\$ 622,000	\$ -
STAR Ohio	13,397	13,397	-
FHLMC	247,296	-	247,296
FHLB	<u>2,117,830</u>	<u>1,821,009</u>	<u>296,821</u>
	<u>\$ 3,000,523</u>	<u>\$ 2,456,406</u>	<u>\$ 544,117</u>

The weighted average maturity of investments is .24 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments, except for the repurchase agreement as discussed above and STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase Agreement	\$ 622,000	20.73 %
STAR Ohio	13,397	0.45 %
FHLMC	247,296	8.24 %
FHLB	2,117,830	70.58 %
	<u>\$ 3,000,523</u>	<u>100.00 %</u>

D. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 286,296
Investments	3,000,523
Cash on hand	200
Total	<u>\$ 3,287,019</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 3,045,136
Business-type activities	117,177
Private-purpose trust fund	48,953
Agency fund	75,753
Total	<u>\$ 3,287,019</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2005, as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 30,460
Bond Retirement	Nonmajor Governmental Funds	445,452

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

The interfund receivable in the Bond Retirement fund and an interfund loan made to the Building capital projects fund (a nonmajor governmental fund) of \$445,452 represent the fiscal year-end balance of manuscript bonds that were issued during fiscal year 2004.

- B. Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 1,324

This transfer was made during fiscal year 2005 from the general fund to the Building capital projects fund (a nonmajor governmental fund). This transfer was made to move unrestricted balances to support the program.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available as an advance at June 30, 2005 was \$2,444,211 in the general fund and \$401,203 in the bond retirement debt service fund. The amount available for advance at June 30, 2004 was \$3,217,737 in the general fund, \$468,101 in the bond retirement debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary depending upon when the tax bills are sent by the County Auditor.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 663,153,590	95.82	\$ 666,296,240	96.30
Public Utility Personal	10,150,730	1.47	10,341,880	1.50
Tangible Personal Property	<u>18,767,823</u>	<u>2.71</u>	<u>15,226,500</u>	<u>2.20</u>
Total	<u>\$ 692,072,143</u>	<u>100.00</u>	<u>\$ 691,864,620</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:	\$76.35		\$78.10	

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 7 - RECEIVABLES

Receivables at June 30, 2005 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities

Taxes	\$ 25,382,708
Accounts	23,155
Intergovernmental	392,009
Accrued interest	<u>14,462</u>
Total governmental activities	<u>\$ 25,812,334</u>

Business-Type Activities

Accounts	<u>\$ 428</u>
Total business-type activities	<u>\$ 428</u>

Receivables have been disaggregated on the face of the basic finance statements. All receivables are expected to be collected within the subsequent year.

NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE

In the current fiscal year, the District entered into a capitalized lease for a phone system. This lease agreement meets the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$229,845. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2005 totaled \$42,967 were paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2005:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2006	\$ 50,310
2007	50,307
2008	50,309
2009	<u>50,308</u>
Total minimum lease payments	201,234
Less amount representing interest	<u>(14,356)</u>
Total	<u>\$ 186,878</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year-ended June 30, 2005, was as follows:

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 722,230	\$ -	\$ -	\$ 722,230
Construction in progress	<u>108,213</u>	<u>727,739</u>	<u>(835,952)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>830,443</u>	<u>727,739</u>	<u>(835,952)</u>	<u>722,230</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,349,792	835,952	-	2,185,744
Building/improvements	47,274,026	100,456	-	47,374,482
Furniture/equipment	2,999,451	388,214	(35,510)	3,352,155
Vehicles	<u>1,258,957</u>	<u>19,129</u>	<u>(44,914)</u>	<u>1,233,172</u>
Total capital assets, being depreciated	<u>52,882,226</u>	<u>1,343,751</u>	<u>(80,424)</u>	<u>54,145,553</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(429,073)	(44,993)	-	(474,066)
Building/improvements	(15,858,549)	(1,422,797)	-	(17,281,346)
Furniture/equipment	(2,115,742)	(227,562)	35,510	(2,307,794)
Vehicles	<u>(659,930)</u>	<u>(86,997)</u>	<u>44,914</u>	<u>(702,013)</u>
Total accumulated depreciation	<u>(19,063,294)</u>	<u>(1,782,349)</u>	<u>80,424</u>	<u>(20,765,219)</u>
Governmental activities capital assets, net	<u>\$ 34,649,375</u>	<u>\$ 289,141</u>	<u>\$ (835,952)</u>	<u>\$ 34,102,564</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 9 - CAPITAL ASSETS - (Continued)

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
Business-Type Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 48,591	\$ -	\$ -	\$ 48,591
Total capital assets, not being depreciated	<u>48,591</u>	<u>-</u>	<u>-</u>	<u>48,591</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	25,000	-	-	25,000
Building/improvements	1,473,477	-	-	1,473,477
Furniture/equipment	<u>88,364</u>	<u>5,695</u>	<u>-</u>	<u>94,059</u>
Total capital assets, being depreciated	<u>1,586,841</u>	<u>5,695</u>	<u>-</u>	<u>1,592,536</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(10,902)	(834)	-	(11,736)
Building/improvements	(1,242,097)	(14,742)	-	(1,256,839)
Furniture/equipment	<u>(60,584)</u>	<u>(6,329)</u>	<u>-</u>	<u>(66,913)</u>
Total accumulated depreciation	<u>(1,313,583)</u>	<u>(21,905)</u>	<u>-</u>	<u>(1,335,488)</u>
Business-type activities capital assets, net	<u>\$ 321,849</u>	<u>\$ (16,210)</u>	<u>\$ -</u>	<u>\$ 305,639</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 873,259
Special	148,394
Vocational	25,833
Other	1,321
Support Services:	
Pupil	81,462
Instructional staff	50,492
Board of education	1,321
Administration	84,691
Fiscal	33,172
Business	20,989
Operations and maintenance	200,176
Pupil transportation	153,968
Central	62,268
Extracurricular activities	<u>45,003</u>
Total depreciation expense	<u>\$ 1,782,349</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to business-type activities as follows:

Food service	\$	4,641
Community programs		17,264
Total depreciation expense	\$	21,905

NOTE 10 - LONG-TERM OBLIGATIONS

A. The following is a schedule of the changes in long-term obligations during fiscal year 2005:

	<u>Balance</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental Activities					
General obligation bonds:					
1998 School Building Improvement Bonds	\$ 19,365,000	\$ -	\$ (1,010,000)	\$ 18,355,000	\$ 1,055,000
1996 School Building Improvement Serial Bonds	4,740,000	-	(850,000)	3,890,000	900,000
Capital appreciation bonds	304,128	-	-	304,128	-
Accretion on capital appreciation bonds	739,435	286,785	-	1,026,220	-
Total General obligation bonds	25,148,563	286,785	(1,860,000)	23,575,348	1,955,000
Capital lease obligation	-	229,845	(42,967)	186,878	44,419
Compensated absences	4,189,184	456,826	(502,169)	4,143,841	449,686
Total governmental activities long-term liabilities	\$ 29,337,747	\$ 973,456	\$ (2,405,136)	\$ 27,906,067	\$ 2,449,105
Business-Type Activities					
Compensated absences	\$ 40,672	\$ 13,838	\$ (2,908)	\$ 51,602	\$ 4,686

In 1998, the District issued bonds for the renovations of various school buildings. In 1996, the District issued bonds for the advance refunding of school building improvement bonds. All bonds are paid from the bond retirement fund.

The 1996 general obligation bonds include serial bonds and capital appreciation bonds. This year the addition on these bonds was \$286,785, which represents the annual accretion of discounted interest. The final amount of these bonds will be \$3,340,000, with a maturity date of June 2012.

In 1996, the District defeased the 1991 series general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2005 \$5,420,000 of bonds outstanding are considered defeased.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences will be paid from the fund which the employee is paid. The capital lease obligation will be repaid from the general fund. See Note 8 for further detail on the District's capital lease obligation.

B. The following is a summary of the future debt service requirements to retire bonded debt:

Fiscal Year Ending	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 1,955,000	\$ 1,078,745	\$ 3,033,745	\$ -	\$ -	\$ -
2007	2,040,000	985,365	3,025,365	-	-	-
2008	2,145,000	886,453	3,031,453	-	-	-
2009	2,250,000	781,139	3,031,139	-	-	-
2010	1,250,000	697,739	1,947,739	118,648	991,352	1,110,000
2011-2015	7,255,000	2,448,325	9,703,325	185,480	2,044,520	2,230,000
2016-2018	5,350,000	441,557	5,791,557	-	-	-
Total	<u>\$ 22,245,000</u>	<u>\$ 7,319,323</u>	<u>\$ 29,564,323</u>	<u>\$ 304,128</u>	<u>\$ 3,035,872</u>	<u>\$ 3,340,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2005 are a voted debt margin of \$41,754,499 and an unvoted debt margin of \$691,865.

NOTE 11 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Board of Education policies and State laws. Teachers do not earn vacation. Support staff personnel assigned to work less than 240 days annually do not earn vacation. Support staff personnel assigned to work 240 days or more and managers earn annual vacation leave from 10 to 20 days, based on years of service. Administrators are entitled to 20 to 25 days of vacation leave annually, based on years of service and performance evaluations. Administrators may not accrue or accumulate vacation days.

All regular employees earn sick leave at a rate of one and one-fourth days per month up to a maximum of 245 days. Support staff personnel and managers employed by the District for a minimum of two years, and eligible to retire pursuant to State statute, are entitled to severance benefits based on accumulated sick leave.

Teachers who resign with ten or more years of service may chose between one of four plans for their severance payment. Each plan offers a varying percentage of their sick leave balance ranging between 20% and 33% of their accumulated but unused sick leave and some plans offer an additional payment depending upon their years of service ranging between \$200 and \$1,800 for each year. Teachers may choose between plans for which they are eligible.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 11 - COMPENSATED ABSENCES - (Continued)

Classified non-union employees with two or more years of service are eligible for severance payments equal to 33% of their accumulated but unused sick leave to a maximum of 75 days. For the period July 1, 2004 through June 30, 2005 only, classified non-union employees who have at least five years of service with the District and are at least age fifty, may elect to receive a severance payment equal to 60% of their accumulated but unused sick leave to a maximum of 145 days. To receive this option, an employee must have submitted a letter of resignation to the District by June 30, 2005.

Classified executive non-union secretaries may choose between one of two plans for their severance payment. Each plan offers a varying percentage of their sick leave balance ranging between 75% and 80% of their accumulated but unused sick leave depending upon years of service. Each plan also offers an additional payment depending upon their years of service ranging between \$200 and \$300 for each year of service. Classified executive non-union secretaries may choose between plans for which they are eligible.

Classified union employees with five or more years of service may choose between one of three plans for their severance payment. Each plan offers a sick leave payment equal to 60% of their accumulated but unused sick leave up to a maximum number of days depending upon the plan chosen. In addition, employees with ten or more years of service are eligible for an additional payment depending upon their years of service ranging between \$50 and \$175 for each year of service with the District. Classified union employees may choose between plans for which they are eligible.

Administrators are eligible for severance payments equal to 33% of their accumulated but unused sick up to a maximum of 70 days. Also, administrators will receive an amount equal to 30% of the administrator's current daily rate for each day of accumulated sick leave beyond 120 days as certified by the Treasurer's office. In addition, administrators shall receive a longevity payment equal to \$1,500 per year of employment with the District. Certified administrators may also receive severance payments in accordance with teachers above to the extent the severance payments are beyond those listed here.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The 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. For fiscal year 2005, the District contracted with various insurance companies through the Ohio Schools Council insurance program. Indiana Insurance provides property, inland marine and crime insurance coverage. There is a \$5,000 deductible on building and contents, along with a \$1,000 deductible for crime insurance. The inland marine coverage has a deductible of \$250.

The boiler and machinery coverage is provided by Travelers Insurance Company. The coverage provides a \$30,000,000 limit and a \$1,000 deductible.

Indiana Insurance Company provides fleet and liability insurance. Automobile liability has a limit of \$2,006,000 with a \$250 deductible. The general liability provides coverage with a limit of \$1,000,000 per occurrence and a \$2,000,000 per year. Coverage provided by these companies was as follows:

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 12 - RISK MANAGEMENT - (Continued)

<u>Coverage</u>	<u>Amount</u>
Building and Contents- replacement cost	\$ 84,560,326
Inland Marine Coverage	2,787,727
Boiler and Machinery	30,000,000
Automobile Liability	2,006,000
General Liability	
Per occurrence	1,000,000
Umbrella	10,000,000

B. Employee Medical Benefits

During fiscal 2005, the District continued to provide health care benefits to its employees through the self-insurance program. The District provides three medical plans with different deductible operations for single and family coverage, a prescription plan with a \$0/\$4 co-pay on generic/brand prescriptions, and a dental plan with an 80% deductible and a \$1,500 limit per person per year. Bridge Benefits, the third party administrator, provides claim review and processing. These premiums are paid by the fund that pays the salary for each employee and is based on historical cost information. The District purchased stop loss coverage of \$150,000 per individual and \$1,000,000 aggregate per year. For each employee, the District paid monthly into the self insurance internal service fund \$852.66 for family coverage and \$346.35 for single coverage. These rates are paid by the fund from which the employees' salary is paid.

The claims liability is \$516,331 reported in the internal service fund at June 30, 2005 is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2005	\$ 440,328	\$ 3,113,439	\$ (3,037,436)	\$ 516,331
2004	-	933,529	(493,201)	440,328

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation Program

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2A). The intent of the GRP is to achieve the benefits of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$421,200, \$341,695 and \$290,045; 45.40 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 13 - PENSION PLANS - (Continued)

B. State Teachers Retirement System

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

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

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

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,655,580, \$1,553,006 and \$1,433,559; 82.72 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$19,719 made by the District and \$39,372 made by the plan members.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$128,122 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

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, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. 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 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, District paid \$215,693 to fund health care benefits, including the surcharge.

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 for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ (3,305,548)
Net adjustment for revenue accruals	(815,598)
Net adjustment for expenditure accruals	(1,322,336)
Net adjustment for other sources/uses	265,648
Adjustment for encumbrances	503,254
GAAP basis	\$ (4,674,580)

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 16 - STATUTORY RESERVES

The 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 District is also required to set aside money for budget stabilization. At June 30, 2005, only the unspent portion of certain workers compensation refunds continues to be set aside.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks/instructional materials, capital acquisition, and budget stabilization reserve. Disclosure of this information is required by State statute.

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization Reserve</u>
Set-aside cash balance as of June 30, 2004	\$ (218,521)	\$ -	\$ 101,708
Current year set-aside requirement	375,189	375,189	-
Qualifying disbursements	<u>(208,893)</u>	<u>(1,454,904)</u>	<u>-</u>
Total	<u>\$ (52,225)</u>	<u>\$ (1,079,715)</u>	<u>\$ 101,708</u>
Balance carried forward to FY 2006	<u>\$ (52,225)</u>	<u>\$ -</u>	<u>\$ 101,708</u>

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbook/instructional materials and capital acquisition reserves. These extra amounts may be used to reduce the set-aside requirement for future years for the textbook/instructional materials. The negative amount is therefore presented as being carried forward to next fiscal year. Although the District had qualifying disbursement during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

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

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

NOTE 18 - SIGNIFICANT SUBSEQUENT EVENTS

Effective July 1, 2005, the District switched from being self-insured for employees medical, prescription drug and dental benefits to a fully-insured program through a commercial carrier. The risk of loss transfers from the District to the commercial carrier upon payment of the premiums.

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

SUPPLEMENTAL INFORMATION

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Taxes	\$ 19,581,759	\$ 18,960,078	\$ 18,963,195	\$ 3,117
Tuition	135,820	150,000	131,530	(18,470)
Earnings on investments	156,857	195,000	151,902	(43,098)
Classroom materials and fees	14,038	11,000	13,595	2,595
Contributions and donations.	500	500	500	-
Rentals	45,660	60,500	44,218	(16,282)
Other local revenues.	110,424	163,000	106,920	(56,080)
Intergovernmental - State	4,197,842	4,063,993	4,065,237	1,244
<i>Total revenues.</i>	<u>24,242,900</u>	<u>23,604,071</u>	<u>23,477,097</u>	<u>(126,974)</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	8,469,348	8,793,145	8,791,339	1,806
Fringe benefits	2,799,969	2,907,017	2,935,311	(28,294)
Purchased services	289,283	300,343	278,439	21,904
Materials and supplies.	403,248	418,665	408,489	10,176
Capital outlay	40,173	41,709	41,667	42
Other	45,392	47,127	39,302	7,825
<i>Total instruction-regular.</i>	<u>12,047,413</u>	<u>12,508,006</u>	<u>12,494,547</u>	<u>13,459</u>
Instruction-special:				
Salaries and wages	1,762,874	1,830,272	1,829,638	634
Fringe benefits	600,279	623,229	693,321	(70,092)
Purchased services	383,593	398,258	259,943	138,315
Materials and supplies.	23,212	24,099	20,974	3,125
Capital outlay	15,970	16,581	10,832	5,749
<i>Total instruction-special.</i>	<u>2,785,928</u>	<u>2,892,439</u>	<u>2,814,708</u>	<u>77,731</u>
Instruction-vocational:				
Purchased services	446,806	463,888	463,306	582
<i>Total instruction-vocational.</i>	<u>446,806</u>	<u>463,888</u>	<u>463,306</u>	<u>582</u>
Instruction-other:				
Salaries and wages	15,459	16,050	15,941	109
Fringe benefits	8,158	8,470	8,577	(107)
<i>Total instruction-other.</i>	<u>23,617</u>	<u>24,520</u>	<u>24,518</u>	<u>2</u>
Support services-pupil:				
Salaries and wages	968,499	1,005,526	1,003,401	2,125
Fringe benefits	306,053	317,754	327,116	(9,362)
Purchased services	107,034	111,126	105,730	5,396
Materials and supplies.	23,500	24,398	23,358	1,040
Capital outlay	982	1,020	-	1,020
Other	289	300	256	44
<i>Total support services-pupil.</i>	<u>1,406,357</u>	<u>1,460,124</u>	<u>1,459,861</u>	<u>263</u>

-- Continued

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Support services-instructional staff:				
Salaries and wages	\$ 549,285	\$ 570,285	\$ 569,090	\$ 1,195
Fringe benefits	201,094	208,782	227,576	(18,794)
Purchased services	61,575	63,929	48,155	15,774
Materials and supplies.	24,888	25,840	25,724	116
Capital outlay	37,678	39,119	36,044	3,075
Total support services-instructional staff	<u>874,520</u>	<u>907,955</u>	<u>906,589</u>	<u>1,366</u>
Support services-board of education:				
Salaries and wages	9,439	9,800	9,800	-
Fringe benefits	1,599	1,660	1,647	13
Purchased services	13,739	14,264	4,640	9,624
Materials and supplies.	795	825	625	200
Other	7,224	7,500	7,428	72
Total support services-board of education	<u>32,796</u>	<u>34,049</u>	<u>24,140</u>	<u>9,909</u>
Support services-administration:				
Salaries and wages	995,033	1,033,075	1,026,399	6,676
Fringe benefits	431,729	448,235	457,411	(9,176)
Purchased services	24,447	25,382	23,848	1,534
Materials and supplies.	6,110	6,344	5,472	872
Capital outlay	5,342	5,546	2,064	3,482
Other	1,926	2,000	1,864	136
Total support services-administration.	<u>1,464,587</u>	<u>1,520,582</u>	<u>1,517,058</u>	<u>3,524</u>
Support services-fiscal:				
Salaries and wages	138,198	143,482	143,482	-
Fringe benefits	56,644	58,810	58,379	431
Purchased services	46,994	48,791	48,565	226
Materials and supplies.	5,015	5,207	5,206	1
Capital outlay	3,136	3,256	3,256	-
Other	326,315	338,791	338,791	-
Total support services-fiscal	<u>576,302</u>	<u>598,337</u>	<u>597,679</u>	<u>658</u>
Support services-business:				
Salaries and wages	92,455	95,990	94,595	1,395
Fringe benefits	36,143	37,525	42,655	(5,130)
Purchased services	170,331	176,843	175,447	1,396
Materials and supplies.	29,536	30,665	26,270	4,395
Capital outlay	1,743	1,810	525	1,285
Other	50,088	52,003	51,246	757
Total support services-business	<u>380,296</u>	<u>394,836</u>	<u>390,738</u>	<u>4,098</u>

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**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Support services-operations and maintenance:				
Salaries and wages	\$ 1,208,786	\$ 1,255,000	\$ 1,247,822	\$ 7,178
Fringe benefits	463,976	481,715	534,943	(53,228)
Purchased services	1,215,809	1,262,291	1,221,718	40,573
Materials and supplies.	234,819	243,797	241,043	2,754
Capital outlay	3,200	3,322	-	3,322
Other	405	420	420	-
Total support services-operations and maintenance	<u>3,126,995</u>	<u>3,246,545</u>	<u>3,245,946</u>	<u>599</u>
Support services-pupil transportation:				
Salaries and wages	626,278	650,222	646,777	3,445
Fringe benefits	204,704	212,530	239,457	(26,927)
Purchased services	167,266	173,661	151,837	21,824
Materials and supplies.	116,580	121,037	119,512	1,525
Capital outlay	35,719	37,085	37,084	1
Other	236	245	81	164
Total support services-pupil transportation	<u>1,150,783</u>	<u>1,194,780</u>	<u>1,194,748</u>	<u>32</u>
Support services-central:				
Salaries and wages	463,360	481,075	477,468	3,607
Fringe benefits	162,896	169,124	163,877	5,247
Purchased services	99,504	103,308	100,385	2,923
Materials and supplies.	20,992	21,795	20,091	1,704
Capital outlay	18,715	19,430	17,310	2,120
Total support services-central	<u>765,467</u>	<u>794,732</u>	<u>779,131</u>	<u>15,601</u>
Extracurricular activities:				
Salaries and wages	569,911	591,700	574,942	16,758
Fringe benefits	120,883	125,505	124,291	1,214
Purchased services	1,999	2,075	1,979	96
Materials and supplies.	3,939	4,090	4,079	11
Capital outlay	7,916	8,219	8,219	-
Total extracurricular activities.	<u>704,648</u>	<u>731,589</u>	<u>713,510</u>	<u>18,079</u>
Facilities acquisition and construction				
Capital outlay	105,949	110,000	89,981	20,019
Total facilities acquisition and construction	<u>105,949</u>	<u>110,000</u>	<u>89,981</u>	<u>20,019</u>
Debt service:				
Principal retirement.	33,711	35,000	35,000	-
Total debt service	<u>33,711</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
<i>Total expenditures</i>	<u>25,926,175</u>	<u>26,917,382</u>	<u>26,751,460</u>	<u>165,922</u>

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**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of revenues over (under) expenditures</i>	(1,683,275)	(3,313,311)	(3,274,363)	38,948
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	609	609
Refund of prior year's receipts	-	-	(10)	(10)
Transfers out	(1,354)	(1,400)	(1,324)	76
Advances out	-	-	(30,460)	(30,460)
<i>Total other financing sources (uses)</i>	(1,354)	(1,400)	(31,185)	(29,785)
<i>Net change in fund balance</i>	(1,684,629)	(3,314,711)	(3,305,548)	9,163
<i>Fund balance at beginning of year</i>	2,793,676	2,793,676	2,793,676	-
<i>Prior year encumbrances appropriated</i>	632,084	632,084	632,084	-
<i>Fund balance at end of year</i>	<u>\$ 1,741,131</u>	<u>\$ 111,049</u>	<u>\$ 120,212</u>	<u>\$ 9,163</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BOND RETIREMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other local taxes	\$ 2,857,501	\$ 2,727,828	\$ 2,754,944	\$ 27,116
Intergovernmental.	358,700	342,422	378,430	36,008
<i>Total revenues.</i>	<u>3,216,201</u>	<u>3,070,250</u>	<u>3,133,374</u>	<u>63,124</u>
Expenditures:				
Support services-fiscal				
Other	46,156	40,000	38,346	1,654
Total support services-fiscal	<u>46,156</u>	<u>40,000</u>	<u>38,346</u>	<u>1,654</u>
Debt service:				
Principal retirement.	2,146,256	1,860,000	1,860,000	-
Interest and fiscal charges	<u>1,346,492</u>	<u>1,166,904</u>	<u>1,166,904</u>	-
Total debt service	<u>3,492,748</u>	<u>3,026,904</u>	<u>3,026,904</u>	-
<i>Total expenditures</i>	<u>3,538,904</u>	<u>3,066,904</u>	<u>3,065,250</u>	<u>1,654</u>
<i>Net change in fund balance.</i>	(322,703)	3,346	68,124	64,778
<i>Fund balance at beginning of year</i>	2,591,560	2,591,560	2,591,560	-
<i>Fund balance at end of year.</i>	<u>\$ 2,268,857</u>	<u>\$ 2,594,906</u>	<u>\$ 2,659,684</u>	<u>\$ 64,778</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMANENT IMPROVEMENTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 2,500	\$ 2,500	\$ 2,221	\$ (279)
Rentals	112,900	112,900	129,354	16,454
<i>Total revenues.</i>	<u>115,400</u>	<u>115,400</u>	<u>131,575</u>	<u>16,175</u>
Expenditures:				
Current:				
Instruction-regular				
Capital outlay	-	-	3,482	(3,482)
Total instruction-regular	-	-	3,482	(3,482)
Support services-operations and maintenance				
Capital outlay	-	-	4,422	(4,422)
Total support services-operations and maintenance	-	-	4,422	(4,422)
Facilities acquisition and construction:				
Purchased services	59,827	59,827	39,900	19,927
Capital outlay	322,932	322,932	331,603	(8,671)
Total facilities acquisition and construction	<u>382,759</u>	<u>382,759</u>	<u>371,503</u>	<u>11,256</u>
Debt service:				
Principal retirement	60,000	60,000	60,000	-
Interest and fiscal charges	4,800	4,800	4,800	-
Total debt service	<u>64,800</u>	<u>64,800</u>	<u>64,800</u>	<u>-</u>
<i>Total expenditures</i>	<u>447,559</u>	<u>447,559</u>	<u>444,207</u>	<u>3,352</u>
<i>Net change in fund balance.</i>	(332,159)	(332,159)	(312,632)	19,527
<i>Fund balance at beginning of year</i>	177	177	177	-
<i>Prior year encumbrances appropriated.</i>	336,759	336,759	336,759	-
<i>Fund balance at end of year.</i>	<u>\$ 4,777</u>	<u>\$ 4,777</u>	<u>\$ 24,304</u>	<u>\$ 19,527</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Interest.	\$ 1,000	\$ 1,000	\$ 1,453	\$ 453
Charges for services.	387,000	387,000	375,658	(11,342)
Intergovernmental.	47,000	47,000	62,166	15,166
<i>Total operating revenues.</i>	<u>435,000</u>	<u>435,000</u>	<u>439,277</u>	<u>4,277</u>
Operating expenses:				
Salaries and wages	134,382	137,338	132,674	4,664
Fringe benefits	54,032	55,221	64,258	(9,037)
Purchased services	20,138	20,581	10,669	9,912
Materials and supplies.	263,611	269,411	225,868	43,543
Capital outlay	18,718	19,130	15,787	3,343
<i>Total operating expenses.</i>	<u>490,881</u>	<u>501,681</u>	<u>449,256</u>	<u>52,425</u>
<i>Net change in fund equity.</i>	(55,881)	(66,681)	(9,979)	56,702
<i>Fund equity at beginning of year.</i>	71,480	71,480	71,480	-
<i>Prior year encumbrances appropriated.</i>	1,255	1,255	1,255	-
<i>Fund equity at end of year</i>	<u>\$ 16,854</u>	<u>\$ 6,054</u>	<u>\$ 62,756</u>	<u>\$ 56,702</u>

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**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 141,918	\$ 22,207	\$ 164,125
Receivables:			
Accounts	3,120	-	3,120
Intergovernmental	110,636	-	110,636
Total assets	\$ 255,674	\$ 22,207	\$ 277,881
Liabilities:			
Accounts payable	\$ 15,360	\$ -	\$ 15,360
Contracts payable	-	20,264	20,264
Accrued wages and benefits	13,989	-	13,989
Pension obligation payable	3,628	-	3,628
Intergovernmental payable	32,368	-	32,368
Interfund loan payable	30,460	445,452	475,912
Total liabilities	95,805	465,716	561,521
Fund Balances:			
Reserved for encumbrances	58,021	-	58,021
Unreserved, undesignated (deficit), reported in:			
Special revenue funds	101,848	-	101,848
Capital projects funds	-	(443,509)	(443,509)
Total fund balances (deficit)	159,869	(443,509)	(283,640)
Total liabilities and fund balances	\$ 255,674	\$ 22,207	\$ 277,881

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Earnings on investments	\$ 6,126	\$ 1,033	\$ 7,159
Extracurricular activities	200,644	-	200,644
Contributions and donations	38,920	-	38,920
Rentals	-	99,800	99,800
Other local revenues	152,273	-	152,273
Intergovernmental - State	1,361,901	22,575	1,384,476
Intergovernmental - Federal	820,849	-	820,849
Total revenue	2,580,713	123,408	2,704,121
Expenditures:			
Current:			
Instruction:			
Regular	116,849	23,479	140,328
Special	520,877	-	520,877
Support services:			
Pupil	181,753	-	181,753
Instructional staff	99,110	-	99,110
Central	4,305	-	4,305
Operation of non-instructional services	139,218	-	139,218
Extracurricular activities	344,707	-	344,707
Facilities acquisition and construction	-	38,547	38,547
Intergovernmental pass through	1,366,841	-	1,366,841
Debt service:			
Interest and fiscal charges	-	4,800	4,800
Total expenditures	2,773,660	66,826	2,840,486
Excess of revenues over (under) expenditures	(192,947)	56,582	(136,365)
Other financing sources:			
Transfers in	-	1,324	1,324
Total other financing sources	-	1,324	1,324
Net change in fund balances	(192,947)	57,906	(135,041)
Fund balances (deficit) at beginning of year (restated).	352,816	(501,415)	(148,599)
Fund balances (deficit) at end of year	\$ 159,869	\$ (443,509)	\$ (283,640)

ROCKY RIVER CITY SCHOOL DISTRICT

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Special revenue funds are established to account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the District's special revenue funds follows:

Public School Support Fund

A fund provided to account for specific local revenue sources, other than taxes to expendable trusts (i.e. profits from vending machines, sales of pictures, etc.), that are restricted to expenditures for specified purposes approved by board resolution. Such expenditures may include curricular and extra-curricular related purchases.

Other Grants Fund

A fund used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted for specified purposes.

District Managed Activity Fund

A fund provided to account for monies for those student activity programs which have student participation in the activity but do not have student management of the programs.

Auxiliary Services Fund

A fund provided to account for monies which provide services and materials to pupils attending non-public schools within the School District.

Education Management Information System Fund

A fund provided to account for hardware and software development, or other costs associated with the requirement of the management information system.

Entry Year Programs Fund

To implement entry-year programs pursuant to Section 3317.024(T) of the Revised Code.

Data Communication Fund

A fund provided to account for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

SchoolNet Professional Development Fund

A fund provided to account for a limited number of professional development subsidy grants.

Ohio Reads Fund

A fund used to account for State monies received to improve reading outcomes.

Summer Intervention Fund

A fund used to account for student intervention services satisfying criteria defined in division (E) of Section 3313.608 of the Revised Code.

School Conflict Management Fund

To account for State monies provided to educate students on proper social behavior.

ROCKY RIVER CITY SCHOOL DISTRICT

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds - (Continued)

Title VI-B Fund

A fund provided to account for federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Title III Fund

A fund provided to account for federal monies used to assist the School District in meeting the special needs of children of limited English proficiency.

Title I Fund

A fund provided to account for federal monies used to assist the School District in meeting the special needs of educationally deprived children.

Title V Fund

To account for State of Ohio and federal tech-prep grants that provide for assessing students' vocational interests and aptitudes, and planning and implementing intervention for those students at risk.

Drug Free Schools Grant Fund

A fund provided to account for federal monies which support the implementation of programs for drug abuse education and prevention.

Preschool Disability Fund

To account for monies received for the improvement and expansion of services for handicapped children ages three through five years.

Title II-A Fund

To account for grant monies used for the hiring of additional teachers.

Miscellaneous Federal Grants

To account for federal revenues received through state agencies from the federal government or directly from the federal government.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005

	Public School Support	Other Grants	District Managed Activity	Auxiliary Services
Assets:				
Equity in pooled cash and cash equivalents	\$ 95,895	\$ 8,502	\$ 7,495	\$ 10,755
Receivables:				
Accounts	-	-	3,120	-
Intergovernmental	-	-	-	-
Total assets	<u>\$ 95,895</u>	<u>\$ 8,502</u>	<u>\$ 10,615</u>	<u>\$ 10,755</u>
Liabilities:				
Accounts payable	\$ 10,110	\$ -	\$ 690	\$ 4,075
Accrued wages and benefits	-	-	-	505
Pension obligation payable	-	-	-	1,280
Intergovernmental payable	-	-	1,362	1,606
Interfund loan payable	-	-	-	-
Total liabilities	<u>10,110</u>	<u>-</u>	<u>2,052</u>	<u>7,466</u>
Fund Balances:				
Reserved for encumbrances	1,623	524	927	9,458
Unreserved, undesignated (deficit)	<u>84,162</u>	<u>7,978</u>	<u>7,636</u>	<u>(6,169)</u>
Total fund balances (deficit)	<u>85,785</u>	<u>8,502</u>	<u>8,563</u>	<u>3,289</u>
Total liabilities and fund balances	<u>\$ 95,895</u>	<u>\$ 8,502</u>	<u>\$ 10,615</u>	<u>\$ 10,755</u>

Education Management Information Systems	Entry Year Programs	Data Communication	SchoolNet Professional Development	Ohio Reads	Summer Intervention
\$ 4,701	\$ -	\$ 12,000	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	2,397	1,860
<u>\$ 4,701</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 2,397</u>	<u>\$ 1,860</u>
\$ -	\$ -	\$ -	\$ -	\$ 485	\$ -
245	-	-	-	-	-
408	-	-	-	-	-
51	197	-	52	187	668
-	-	-	-	1,775	1,860
704	197	-	52	2,447	2,528
-	-	-	-	15	-
3,997	(197)	12,000	(52)	(65)	(668)
3,997	(197)	12,000	(52)	(50)	(668)
<u>\$ 4,701</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 2,397</u>	<u>\$ 1,860</u>

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**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2005

	School Conflict Management	Title VI-B	Title III	Title V
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,544	\$ -	\$ -	\$ 1,026
Receivables:				
Accounts	-	-	-	-
Intergovernmental	-	96,865	-	-
Total assets	<u>\$ 1,544</u>	<u>\$ 96,865</u>	<u>\$ -</u>	<u>\$ 1,026</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	13,239	-	-
Pension obligation payable	-	1,940	-	-
Intergovernmental payable	-	26,119	294	-
Interfund loan payable	-	23,002	-	-
Total liabilities	<u>-</u>	<u>64,300</u>	<u>294</u>	<u>-</u>
Fund Balances:				
Reserved for encumbrances	-	40,023	-	1,026
Unreserved, undesignated (deficit)	1,544	(7,458)	(294)	-
Total fund balances (deficit)	<u>1,544</u>	<u>32,565</u>	<u>(294)</u>	<u>1,026</u>
Total liabilities and fund balances	<u>\$ 1,544</u>	<u>\$ 96,865</u>	<u>\$ -</u>	<u>\$ 1,026</u>

Preschool Disability	Title II-A	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 141,918
-	-	3,120
<u>9,514</u>	<u>-</u>	<u>110,636</u>
<u>\$ 9,514</u>	<u>\$ -</u>	<u>\$ 255,674</u>
\$ -	\$ -	\$ 15,360
-	-	13,989
-	-	3,628
1,266	566	32,368
<u>3,823</u>	<u>-</u>	<u>30,460</u>
<u>5,089</u>	<u>566</u>	<u>95,805</u>
4,425	-	58,021
<u>-</u>	<u>(566)</u>	<u>101,848</u>
<u>4,425</u>	<u>(566)</u>	<u>159,869</u>
<u>\$ 9,514</u>	<u>\$ -</u>	<u>\$ 255,674</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005

	Public School Support	Other Grants	District Managed Activity	Auxiliary Services
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ 173	\$ 5,953
Extracurricular activities	-	-	200,644	-
Contributions and donations	30,841	3,960	4,119	-
Other local revenues	58,132	4,447	89,694	-
Intergovernmental - State	-	-	-	1,279,995
Intergovernmental - Federal	-	-	-	-
Total revenue	88,973	8,407	294,630	1,285,948
Expenditures:				
Current:				
Instruction:				
Regular	-	2,400	-	-
Special	-	-	-	-
Support services:				
Pupil	123,623	-	-	-
Instructional staff	-	3,801	-	-
Central	-	-	-	-
Operation of non-instructional services	-	-	-	-
Extracurricular activities	-	-	344,707	-
Intergovernmental pass through	-	-	-	1,366,841
Total expenditures	123,623	6,201	344,707	1,366,841
Net change in fund balances	(34,650)	2,206	(50,077)	(80,893)
Fund balances (deficit) at beginning of year (restated)	120,435	6,296	58,640	84,182
Fund balances (deficit) at end of year	\$ 85,785	\$ 8,502	\$ 8,563	\$ 3,289

Education Management Information Systems	Entry Year Programs	Data Communication	SchoolNet Professional Development	Ohio Reads	Summer Intervention
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,302	6,600	12,000	4,140	10,485	40,379
-	-	-	-	-	-
<u>8,302</u>	<u>6,600</u>	<u>12,000</u>	<u>4,140</u>	<u>10,485</u>	<u>40,379</u>
-	6,797	-	-	10,476	40,005
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,305	-	-	5,865	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,305</u>	<u>6,797</u>	<u>-</u>	<u>5,865</u>	<u>10,476</u>	<u>40,005</u>
3,997	(197)	12,000	(1,725)	9	374
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,673</u>	<u>(59)</u>	<u>(1,042)</u>
<u>\$ 3,997</u>	<u>\$ (197)</u>	<u>\$ 12,000</u>	<u>\$ (52)</u>	<u>\$ (50)</u>	<u>\$ (668)</u>

-- Continued

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2005

	School Conflict Management	Title VI-B	Title III	Title I	Title V
Revenues:					
From local sources:					
Earnings on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Extracurricular activities	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Other local revenues	-	-	-	-	-
Intergovernmental - State	-	-	-	-	-
Intergovernmental - Federal	-	707,600	14,236	926	18,903
	<u>-</u>	<u>707,600</u>	<u>14,236</u>	<u>926</u>	<u>18,903</u>
Total revenue	<u>-</u>	<u>707,600</u>	<u>14,236</u>	<u>926</u>	<u>18,903</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	-	14,313	-	10,910
Special	-	507,288	-	-	-
Support services:					
Pupil	-	52,349	-	-	-
Instructional staff	-	49,436	-	-	-
Central	-	-	-	-	-
Operation of non-instructional services	-	124,425	-	-	7,592
Extracurricular activities	-	-	-	-	-
Intergovernmental pass through	-	-	-	-	-
	<u>-</u>	<u>733,498</u>	<u>14,313</u>	<u>-</u>	<u>18,502</u>
Total expenditures	<u>-</u>	<u>733,498</u>	<u>14,313</u>	<u>-</u>	<u>18,502</u>
Net change in fund balances	-	(25,898)	(77)	926	401
Fund balances (deficit)					
at beginning of year (restated)	<u>1,544</u>	<u>58,463</u>	<u>(217)</u>	<u>(926)</u>	<u>625</u>
Fund balances (deficit) at end of year	<u>\$ 1,544</u>	<u>\$ 32,565</u>	<u>\$ (294)</u>	<u>\$ -</u>	<u>\$ 1,026</u>

Drug Free Schools Grant	Preschool Disability	Title II-A	Miscellaneous Federal Grant	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 6,126
-	-	-	-	200,644
-	-	-	-	38,920
-	-	-	-	152,273
-	-	-	-	1,361,901
<u>6,684</u>	<u>14,884</u>	<u>57,616</u>	<u>-</u>	<u>820,849</u>
<u>6,684</u>	<u>14,884</u>	<u>57,616</u>	<u>-</u>	<u>2,580,713</u>
-	-	31,948	-	116,849
-	13,589	-	-	520,877
5,781	-	-	-	181,753
-	-	22,435	17,573	99,110
-	-	-	-	4,305
903	-	6,298	-	139,218
-	-	-	-	344,707
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,366,841</u>
<u>6,684</u>	<u>13,589</u>	<u>60,681</u>	<u>17,573</u>	<u>2,773,660</u>
-	1,295	(3,065)	(17,573)	(192,947)
<u>-</u>	<u>3,130</u>	<u>2,499</u>	<u>17,573</u>	<u>352,816</u>
<u>\$ -</u>	<u>\$ 4,425</u>	<u>\$ (566)</u>	<u>\$ -</u>	<u>\$ 159,869</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL SUPPORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Contributions and donations	\$ 26,200	\$ 26,200	\$ 30,841	\$ 4,641
Miscellaneous	32,800	32,800	58,132	25,332
<i>Total revenues.</i>	<u>59,000</u>	<u>59,000</u>	<u>88,973</u>	<u>29,973</u>
Expenditures:				
Current:				
Support services-pupil:				
Purchased services	3,543	6,625	3,373	3,252
Materials and supplies	24,309	45,451	47,678	(2,227)
Capital outlay	9,463	17,694	17,371	323
Other	30,457	56,948	57,097	(149)
Total support services-pupil	<u>67,772</u>	<u>126,718</u>	<u>125,519</u>	<u>1,199</u>
<i>Total expenditures</i>	<u>67,772</u>	<u>126,718</u>	<u>125,519</u>	<u>1,199</u>
<i>Net change in fund balance</i>	(8,772)	(67,718)	(36,546)	31,172
<i>Fund balance at beginning of year</i>	113,633	113,633	113,633	-
<i>Prior year encumbrances appropriated.</i>	7,123	7,123	7,123	-
<i>Fund balance at end of year.</i>	<u>\$ 111,984</u>	<u>\$ 53,038</u>	<u>\$ 84,210</u>	<u>\$ 31,172</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OTHER GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Contributions and donations	\$ 5,000	\$ 9,988	\$ 10,336	\$ 348
<i>Total revenues.</i>	<u>5,000</u>	<u>9,988</u>	<u>10,336</u>	<u>348</u>
Expenditures:				
Current:				
Instruction-regular:				
Materials and supplies.	693	1,000	-	1,000
Capital outlay	1,938	2,798	2,398	400
Total instruction-regular.	<u>2,631</u>	<u>3,798</u>	<u>2,398</u>	<u>1,400</u>
Support services-instructional staff:				
Materials and supplies.	1,918	2,768	2,760	8
Other	451	651	1,566	(915)
Total support services-instructional staff	<u>2,369</u>	<u>3,419</u>	<u>4,326</u>	<u>(907)</u>
<i>Total expenditures</i>	<u>5,000</u>	<u>7,217</u>	<u>6,724</u>	<u>493</u>
<i>Net change in fund balance</i>	-	2,771	3,612	841
<i>Fund balance at beginning of year</i>	4,366	4,366	4,366	-
<i>Fund balance at end of year.</i>	<u>\$ 4,366</u>	<u>\$ 7,137</u>	<u>\$ 7,978</u>	<u>\$ 841</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DISTRICT MANAGED ACTIVITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Earnings on investments	\$ -	\$ -	\$ 173	\$ 173
Extracurricular activities.	191,823	247,691	202,698	(44,993)
Contributions and donations	2,846	3,675	4,119	444
Miscellaneous	82,331	106,309	86,574	(19,735)
<i>Total revenues.</i>	<u>277,000</u>	<u>357,675</u>	<u>293,564</u>	<u>(64,111)</u>
Expenditures:				
Current:				
Extracurricular activities:				
Salaries and wages	13,944	16,395	10,855	5,540
Fringe benefits	704	828	1,635	(807)
Purchased services	153,077	179,977	172,936	7,041
Materials and supplies.	100,674	118,366	124,264	(5,898)
Capital outlay	26,115	30,704	20,684	10,020
Other	31,482	37,015	26,587	10,428
<i>Total extracurricular activities.</i>	<u>325,996</u>	<u>383,285</u>	<u>356,961</u>	<u>26,324</u>
<i>Total expenditures</i>	<u>325,996</u>	<u>383,285</u>	<u>356,961</u>	<u>26,324</u>
<i>Net change in fund balance.</i>	(48,996)	(25,610)	(63,397)	(37,787)
<i>Fund balance at beginning of year</i>	22,969	22,969	22,969	-
<i>Prior year encumbrances appropriated.</i>	46,996	46,996	46,996	-
<i>Fund balance at end of year.</i>	<u>\$ 20,969</u>	<u>\$ 44,355</u>	<u>\$ 6,568</u>	<u>\$ (37,787)</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AUXILIARY SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 6,110	\$ 5,953	\$ 5,953	\$ -
Intergovernmental	1,313,672	1,279,995	1,279,995	-
<i>Total revenues.</i>	<u>1,319,782</u>	<u>1,285,948</u>	<u>1,285,948</u>	<u>-</u>
Expenditures:				
Current:				
Operation of non-instructional services:				
Salaries and wages	16,097	16,248	16,323	(75)
Fringe benefits	5,296	5,346	5,426	(80)
Purchased services	742,535	749,507	749,971	(464)
Materials and supplies	508,498	513,273	512,774	499
Capital outlay	112,633	113,691	113,535	156
Total operation of non-instructional services	<u>1,385,059</u>	<u>1,398,065</u>	<u>1,398,029</u>	<u>36</u>
<i>Total expenditures</i>	<u>1,385,059</u>	<u>1,398,065</u>	<u>1,398,029</u>	<u>36</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(65,277)</u>	<u>(112,117)</u>	<u>(112,081)</u>	<u>36</u>
Other financing sources:				
Refund of prior year's (expenditures)	218	212	212	-
<i>Total other financing sources</i>	<u>218</u>	<u>212</u>	<u>212</u>	<u>-</u>
<i>Net change in fund balance</i>	(65,059)	(111,905)	(111,869)	36
<i>Fund balance at beginning of year</i>	46,849	46,849	46,849	-
<i>Prior year encumbrances appropriated.</i>	65,056	65,056	65,056	-
<i>Fund balance at end of year.</i>	<u>\$ 46,846</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 36</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EDUCATION MANAGEMENT INFORMATION SYSTEMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 9,200	\$ 9,200	\$ 8,302	\$ (898)
<i>Total revenues</i>	<u>9,200</u>	<u>9,200</u>	<u>8,302</u>	<u>(898)</u>
Expenditures:				
Current:				
Support services-central:				
Salaries and wages	9,035	8,569	2,970	5,599
Fringe benefits	665	631	631	-
Total support services-central	<u>9,700</u>	<u>9,200</u>	<u>3,601</u>	<u>5,599</u>
<i>Total expenditures</i>	<u>9,700</u>	<u>9,200</u>	<u>3,601</u>	<u>5,599</u>
<i>Net change in fund balance</i>	(500)	-	4,701	4,701
<i>Fund balance at beginning of year</i>	-	-	-	-
<i>Fund balance at end of year</i>	<u>\$ (500)</u>	<u>\$ -</u>	<u>\$ 4,701</u>	<u>\$ 4,701</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTRY YEAR PROGRAMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 6,600	\$ 6,600	\$ -
Total revenues	<u>-</u>	<u>6,600</u>	<u>6,600</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-regular				
Salaries and wages	-	6,600	6,600	-
Total instruction-regular	<u>-</u>	<u>6,600</u>	<u>6,600</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>6,600</u>	<u>6,600</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DATA COMMUNICATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-regular				
Capital outlay	12,000	12,000	-	12,000
Total instruction-regular	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Net change in fund balance	-	-	12,000	12,000
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOLNET PROFESSIONAL DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 4,140	\$ 4,140	\$ -
<i>Total revenues</i>	<u>-</u>	<u>4,140</u>	<u>4,140</u>	<u>-</u>
Expenditures:				
Current:				
Support services-instructional staff:				
Salaries and wages	-	2,906	2,906	-
Fringe benefits	-	706	667	39
Purchased services	-	2,842	2,881	(39)
Materials and supplies	-	195	195	-
Total support services-instructional staff	<u>-</u>	<u>6,649</u>	<u>6,649</u>	<u>-</u>
<i>Total expenditures</i>	<u>-</u>	<u>6,649</u>	<u>6,649</u>	<u>-</u>
<i>Net change in fund balance</i>	-	(2,509)	(2,509)	-
<i>Fund balance at beginning of year</i>	2,509	2,509	2,509	-
<i>Fund balance at end of year</i>	<u>\$ 2,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OHIO READS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 10,500	\$ 10,500	\$ 8,088	\$ (2,412)
<i>Total revenues.</i>	<u>10,500</u>	<u>10,500</u>	<u>8,088</u>	<u>(2,412)</u>
Expenditures:				
Current:				
Instruction-regular				
Salaries and wages	8,122	8,122	8,471	(349)
Fringe benefits	1,331	1,331	1,392	(61)
Purchased services	400	400	-	400
Materials and supplies.	1,193	1,193	1,183	10
Total instruction-regular.	<u>11,046</u>	<u>11,046</u>	<u>11,046</u>	<u>-</u>
<i>Total expenditures</i>	<u>11,046</u>	<u>11,046</u>	<u>11,046</u>	<u>-</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(546)</u>	<u>(546)</u>	<u>(2,958)</u>	<u>(2,412)</u>
Other financing sources:				
Advances in	-	-	1,775	1,775
<i>Total other financing sources.</i>	<u>-</u>	<u>-</u>	<u>1,775</u>	<u>1,775</u>
<i>Net change in fund balance.</i>	<u>(546)</u>	<u>(546)</u>	<u>(1,183)</u>	<u>(637)</u>
<i>Fund balance at beginning of year</i>	137	137	137	-
<i>Prior year encumbrances appropriated.</i>	<u>546</u>	<u>546</u>	<u>546</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ 137</u>	<u>\$ 137</u>	<u>\$ (500)</u>	<u>\$ (637)</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SUMMER INTERVENTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 40,328	\$ 40,379	\$ 38,519	\$ (1,860)
<i>Total revenues.</i>	<u>40,328</u>	<u>40,379</u>	<u>38,519</u>	<u>(1,860)</u>
Expenditures:				
Current:				
Instruction-regular				
Salaries and wages	35,223	35,268	35,268	-
Fringe benefits	5,105	5,111	5,111	-
Total instruction-regular.	<u>40,328</u>	<u>40,379</u>	<u>40,379</u>	<u>-</u>
<i>Total expenditures</i>	<u>40,328</u>	<u>40,379</u>	<u>40,379</u>	<u>-</u>
<i>Excess of revenues over (under) expenditures</i>	-	-	(1,860)	(1,860)
Other financing sources:				
Advances in	-	-	1,860	1,860
<i>Total other financing sources.</i>	<u>-</u>	<u>-</u>	<u>1,860</u>	<u>1,860</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance at beginning of year</i>	-	-	-	-
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOL CONFLICT MANAGEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Support services-instructional staff				
Salaries and wages	\$ 1,014	\$ 1,544	\$ -	\$ 1,544
Total support services-instructional staff	<u>1,014</u>	<u>1,544</u>	<u>-</u>	<u>1,544</u>
<i>Total expenditures</i>	<u>1,014</u>	<u>1,544</u>	<u>-</u>	<u>1,544</u>
<i>Net change in fund balance</i>	(1,014)	(1,544)	-	1,544
<i>Fund balance at beginning of year</i>	<u>1,544</u>	<u>1,544</u>	<u>1,544</u>	<u>-</u>
<i>Fund balance at end of year</i>	<u>\$ 530</u>	<u>\$ -</u>	<u>\$ 1,544</u>	<u>\$ 1,544</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI-B FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 407,300	\$ 708,604	\$ 610,735	\$ (97,869)
<i>Total revenues</i>	<u>407,300</u>	<u>708,604</u>	<u>610,735</u>	<u>(97,869)</u>
Expenditures:				
Current:				
Instruction-special:				
Salaries and wages	30,611	50,442	48,272	2,170
Fringe benefits	9,592	15,806	14,304	1,502
Purchased services	288,961	476,157	476,157	-
<i>Total instruction-special</i>	<u>329,164</u>	<u>542,405</u>	<u>538,733</u>	<u>3,672</u>
Support services-pupil:				
Salaries and wages	23,161	38,165	32,638	5,527
Fringe benefits	7,326	12,072	10,679	1,393
<i>Total support services-pupil</i>	<u>30,487</u>	<u>50,237</u>	<u>43,317</u>	<u>6,920</u>
Support services-instructional staff:				
Salaries and wages	2,586	4,262	4,174	88
Fringe benefits	427	704	676	28
Purchased services	27,298	44,983	44,920	63
Materials and supplies	31	51	51	-
<i>Total support services-instructional staff</i>	<u>30,342</u>	<u>50,000</u>	<u>49,821</u>	<u>179</u>
Operation of non-instructional services				
Purchased services	75,508	124,425	124,425	-
<i>Total operation of non-instructional services</i>	<u>75,508</u>	<u>124,425</u>	<u>124,425</u>	<u>-</u>
<i>Total expenditures</i>	<u>465,501</u>	<u>767,067</u>	<u>756,296</u>	<u>10,771</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(58,201)</u>	<u>(58,463)</u>	<u>(145,561)</u>	<u>(87,098)</u>
Other financing sources (uses):				
Transfers in	-	-	89	89
Transfers (out)	-	-	(89)	(89)
Advances in	-	-	23,002	23,002
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>23,002</u>	<u>23,002</u>
<i>Net change in fund balance</i>	(58,201)	(58,463)	(122,559)	(64,096)
<i>Fund balance at beginning of year</i>	262	262	262	-
<i>Prior year encumbrances appropriated</i>	58,201	58,201	58,201	-
<i>Fund balance at end of year</i>	<u>\$ 262</u>	<u>\$ -</u>	<u>\$ (64,096)</u>	<u>\$ (64,096)</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE III FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 14,236	\$ 14,236	\$ -
<i>Total revenues</i>	<u>-</u>	<u>14,236</u>	<u>14,236</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	-	9,859	9,859	-
Fringe benefits	-	4,377	4,377	-
Total instruction-regular	<u>-</u>	<u>14,236</u>	<u>14,236</u>	<u>-</u>
<i>Total expenditures</i>	<u>-</u>	<u>14,236</u>	<u>14,236</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance at beginning of year</i>	-	-	-	-
<i>Fund balance at end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE V FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 25,100	\$ 18,923	\$ 18,903	\$ (20)
<i>Total revenues</i>	<u>25,100</u>	<u>18,923</u>	<u>18,903</u>	<u>(20)</u>
Expenditures:				
Current:				
Instruction-regular:				
Materials and supplies	9,345	7,134	7,114	20
Capital outlay	4,974	3,797	3,797	-
Total instruction-regular	<u>14,319</u>	<u>10,931</u>	<u>10,911</u>	<u>20</u>
Operation of non-instructional services:				
Materials and supplies	6,848	5,228	5,228	-
Capital outlay	4,439	3,389	3,389	-
Total operation of non-instructional services	<u>11,287</u>	<u>8,617</u>	<u>8,617</u>	<u>-</u>
<i>Total expenditures</i>	<u>25,606</u>	<u>19,548</u>	<u>19,528</u>	<u>20</u>
<i>Net change in fund balance</i>	(506)	(625)	(625)	-
<i>Fund balance at beginning of year</i>	119	119	119	-
<i>Prior year encumbrances appropriated</i>	506	506	506	-
<i>Fund balance at end of year</i>	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG FREE SCHOOLS GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 10,900	\$ 8,418	\$ 6,684	\$ (1,734)
<i>Total revenues.</i>	<u>10,900</u>	<u>8,418</u>	<u>6,684</u>	<u>(1,734)</u>
Expenditures:				
Current:				
Support services-pupil:				
Purchased services	7,486	5,781	5,781	-
<i>Total support services-pupil.</i>	<u>7,486</u>	<u>5,781</u>	<u>5,781</u>	<u>-</u>
Operation of non-instructional services:				
Purchased services	1,169	903	903	-
Materials and supplies	2,245	1,734	-	1,734
<i>Total operation of non-instructional services.</i>	<u>3,414</u>	<u>2,637</u>	<u>903</u>	<u>1,734</u>
<i>Total expenditures</i>	<u>10,900</u>	<u>8,418</u>	<u>6,684</u>	<u>1,734</u>
<i>Net change in fund balance.</i>	-	-	-	-
<i>Fund balance at beginning of year</i>	-	-	-	-
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PRESCHOOL DISABILITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 11,000	\$ 14,884	\$ 5,370	\$ (9,514)
<i>Total revenues.</i>	<u>11,000</u>	<u>14,884</u>	<u>5,370</u>	<u>(9,514)</u>
Expenditures:				
Current:				
Instruction-special:				
Purchased services	14,130	18,014	18,014	-
Total instruction-special	<u>14,130</u>	<u>18,014</u>	<u>18,014</u>	<u>-</u>
<i>Total expenditures</i>	<u>14,130</u>	<u>18,014</u>	<u>18,014</u>	<u>-</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(3,130)</u>	<u>(3,130)</u>	<u>(12,644)</u>	<u>(9,514)</u>
Other financing sources:				
Advances in	-	-	3,823	3,823
<i>Total other financing sources.</i>	<u>-</u>	<u>-</u>	<u>3,823</u>	<u>3,823</u>
<i>Net change in fund balance</i>	(3,130)	(3,130)	(8,821)	(5,691)
<i>Fund balance at beginning of year</i>	-	-	-	-
<i>Prior year encumbrances appropriated.</i>	<u>3,130</u>	<u>3,130</u>	<u>3,130</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,691)</u>	<u>\$ (5,691)</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE II-A FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 64,750	\$ 57,616	\$ 57,616	\$ -
<i>Total revenues.</i>	<u>64,750</u>	<u>57,616</u>	<u>57,616</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-regular:				
Salaries and wages	30,025	28,424	28,424	-
Fringe benefits	4,640	4,392	4,392	-
Total instruction-regular.	<u>34,665</u>	<u>32,816</u>	<u>32,816</u>	<u>-</u>
Support services-instructional staff				
Salaries and wages	11,833	11,202	11,202	-
Fringe benefits	2,054	1,944	1,939	5
Purchased services	9,550	9,040	9,040	-
Total support services-instructional staff	<u>23,437</u>	<u>22,186</u>	<u>22,181</u>	<u>5</u>
Operation of non-instructional services:				
Purchased services	6,542	6,193	6,193	-
Materials and supplies.	106	100	105	(5)
Total operation of non-instructional services	<u>6,648</u>	<u>6,293</u>	<u>6,298</u>	<u>(5)</u>
<i>Total expenditures</i>	<u>64,750</u>	<u>61,295</u>	<u>61,295</u>	<u>-</u>
<i>Net change in fund balance</i>	-	(3,679)	(3,679)	-
<i>Fund balance at beginning of year</i>	3,679	3,679	3,679	-
<i>Fund balance at end of year.</i>	<u>\$ 3,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS FEDERAL GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 7,000	\$ -	\$ -	\$ -
<i>Total revenues.</i>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Support services-instructional staff				
Capital outlay	24,580	17,580	17,580	-
Total support services-instructional staff	<u>24,580</u>	<u>17,580</u>	<u>17,580</u>	<u>-</u>
<i>Total expenditures</i>	<u>24,580</u>	<u>17,580</u>	<u>17,580</u>	<u>-</u>
<i>Net change in fund balance</i>	(17,580)	(17,580)	(17,580)	-
<i>Fund balance at beginning of year</i>	-	-	-	-
<i>Prior year encumbrances appropriated.</i>	<u>17,580</u>	<u>17,580</u>	<u>17,580</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ROCKY RIVER CITY SCHOOL DISTRICT
COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Capital Projects Funds

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

Building Fund

A fund provided to account for all transactions related to the acquiring, construction, or improving of such permanent improvements.

SchoolNet Plus Fund

A fund provided to account for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

Power Up Technology Fund

A fund provided to account for electrical wiring to all classrooms in the school district.

Interactive Video Distance Learning

A fund used to account for State money used to finance the interactive video distance learning project.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2005

	Building	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 20,319	\$ 1,888	\$ 22,207
Total assets.	\$ 20,319	\$ 1,888	\$ 22,207
Liabilities:			
Contracts payable.	\$ 20,264	\$ -	\$ 20,264
Interfund loan payable	445,452	-	445,452
Total liabilities	465,716	-	465,716
Fund Balances:			
Unreserved, undesignated (deficit)	(445,397)	1,888	(443,509)
Total fund balances (deficit).	(445,397)	1,888	(443,509)
Total liabilities and fund balances	\$ 20,319	\$ 1,888	\$ 22,207

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Building	SchoolNet Plus	Power Up Technology	Total Nonmajor Capital Projects Funds
Revenues:				
From local sources:				
Earnings on investments	1,033	\$ -	\$ -	\$ 1,033
Rentals	99,800	-	-	99,800
Intergovernmental - State	-	22,575	-	22,575
Total revenue	100,833	22,575	-	123,408
Expenditures:				
Current:				
Instruction:				
Regular	-	20,687	2,792	23,479
Facilities acquisition and construction	38,547	-	-	38,547
Debt service:				
Interest and fiscal charges	4,800	-	-	4,800
Total expenditures	43,347	20,687	2,792	66,826
Excess of revenues over (under) expenditures.	57,486	1,888	(2,792)	56,582
Other financing sources:				
Transfers in.	1,324	-	-	1,324
Total other financing sources.	1,324	-	-	1,324
Net change in fund balances	58,810	1,888	(2,792)	57,906
Fund balances (deficit) at beginning of year (restated).	(504,207)	-	2,792	(501,415)
Fund balances (deficit) at end of year	\$ (445,397)	\$ 1,888	\$ -	\$ (443,509)

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUILDING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 21,000	\$ 1,000	\$ 1,033	\$ 33
Miscellaneous	1,000	1,000	-	(1,000)
<i>Total revenues.</i>	<u>22,000</u>	<u>2,000</u>	<u>1,033</u>	<u>(967)</u>
Expenditures:				
Facilities acquisition and construction:				
Purchased services	2,059	981	981	-
Materials and supplies	1,480	705	705	-
Capital outlay	<u>705,818</u>	<u>336,275</u>	<u>323,537</u>	<u>12,738</u>
Total facilities acquisition and construction	<u>709,357</u>	<u>337,961</u>	<u>325,223</u>	<u>12,738</u>
<i>Total expenditures</i>	<u>709,357</u>	<u>337,961</u>	<u>325,223</u>	<u>12,738</u>
<i>Excess of revenues over (under) expenditures</i>	<u>(687,357)</u>	<u>(335,961)</u>	<u>(324,190)</u>	<u>11,771</u>
Other financing sources (uses):				
Transfers in	1,000	1,000	1,324	324
Miscellaneous use of funds	<u>(3,568)</u>	<u>(1,700)</u>	<u>(1,940)</u>	<u>(240)</u>
<i>Total other financing sources (uses)</i>	<u>(2,568)</u>	<u>(700)</u>	<u>(616)</u>	<u>84</u>
<i>Net change in fund balance</i>	<u>(689,925)</u>	<u>(336,661)</u>	<u>(324,806)</u>	<u>11,855</u>
<i>Fund balance at beginning of year</i>	41,200	41,200	41,200	-
<i>Prior year encumbrances appropriated.</i>	<u>303,925</u>	<u>303,925</u>	<u>303,925</u>	<u>-</u>
<i>Fund balance at end of year.</i>	<u>\$ (344,800)</u>	<u>\$ 8,464</u>	<u>\$ 20,319</u>	<u>\$ 11,855</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOLNET PLUS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,000	\$ 22,575	\$ 22,575	\$ -
<i>Total revenues</i>	<u>5,000</u>	<u>22,575</u>	<u>22,575</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-regular				
Capital outlay	5,000	22,575	20,687	1,888
Total instruction-regular	<u>5,000</u>	<u>22,575</u>	<u>20,687</u>	<u>1,888</u>
<i>Total expenditures</i>	<u>5,000</u>	<u>22,575</u>	<u>20,687</u>	<u>1,888</u>
<i>Net change in fund balance</i>	-	-	1,888	1,888
<i>Fund balance at beginning of year</i>	-	-	-	-
<i>Fund balance at end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,888</u>	<u>\$ 1,888</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POWER UP TECHNOLOGY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Instruction-regular				
Capital outlay	\$ -	\$ 2,792	\$ 2,792	\$ -
Total instruction-regular.	-	2,792	2,792	-
<i>Total expenditures</i>	-	2,792	2,792	-
<i>Net change in fund balance</i>	-	(2,792)	(2,792)	-
<i>Fund balance at beginning of year</i>	2,792	2,792	2,792	-
<i>Fund balance at end of year</i>	<u>\$ 2,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERACTIVE VIDEO DISTANCE LEARNING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,000	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Instruction-regular				
Capital outlay	8,000	-	-	-
Total instruction-regular	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total expenditures</i>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance at beginning of year</i>	-	-	-	-
<i>Fund balance at end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ROCKY RIVER CITY SCHOOL DISTRICT

NONMAJOR ENTERPRISE FUNDS - FUND DESCRIPTIONS

Nonmajor Enterprise Funds

A fund category to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students or general public on a continuing basis are financed or recovered primarily through user charges. This fund category can also account for operations where the school board has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Uniform School Supplies

A fund provided to account for transactions made in connection with school supplies. Receipts include, but are not limited to, charges for services from patrons and students and reimbursement from the State Department of Education. Expenses include supplies, salaries and textbooks.

Community Programs

This fund accounts for the programs of the community center and summer school.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2005

	Uniform School Supplies	Community Programs	Total Nonmajor Enterprise Funds
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 17,781	\$ 28,650	\$ 46,431
Receivables:			
Accounts	-	415	415
Inventory held for resale	4,118	-	4,118
Total current assets	21,899	29,065	50,964
Noncurrent assets:			
Land	-	48,591	48,591
Depreciable capital assets, net	-	232,943	232,943
Total assets	21,899	310,599	332,498
Liabilities:			
Accounts payable	-	6,190	6,190
Accrued wages and benefits	-	1,703	1,703
Pension obligation payable	-	2,167	2,167
Intergovernmental payable	-	446	446
Total current liabilities	-	10,506	10,506
Long-term liabilities:			
Compensated absences	-	10,635	10,635
Total liabilities	-	21,141	21,141
Net assets:			
Invested in capital assets	-	281,534	281,534
Unrestricted	21,899	7,924	29,823
Total net assets	\$ 21,899	\$ 289,458	\$ 311,357

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Uniform School Supplies	Community Programs	Total Nonmajor Enterprise Funds
Operating revenues:			
Tuition and fees.	\$ 27,622	\$ 301,436	\$ 329,058
Other	-	4,209	4,209
Total operating revenues	27,622	305,645	333,267
Operating expenses:			
Personal services.	-	30,754	30,754
Purchased services.	-	105,560	105,560
Materials and supplies	-	126,551	126,551
Cost of sales	32,643	-	32,643
Depreciation	-	17,264	17,264
Other.	-	53,938	53,938
Total operating expenses.	32,643	334,067	366,710
Operating loss	(5,021)	(28,422)	(33,443)
Net assets at beginning of year	26,920	317,880	344,800
Net assets at end of year.	\$ 21,899	\$ 289,458	\$ 311,357

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Uniform School Supplies	Community Programs	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from tuition and fees	\$ 27,622	\$ 301,021	\$ 328,643
Cash received from other operations.	-	4,209	4,209
Cash payments for personal services.	-	(29,346)	(29,346)
Cash payments for purchased services	-	(107,373)	(107,373)
Cash payments for materials and supplies	-	(121,262)	(121,262)
Cash payments for cost of goods sold	(27,225)	-	(27,225)
Cash payments for other expenses	-	(53,938)	(53,938)
Net cash provided by (used in) operating activities	397	(6,689)	(6,292)
Net increase (decrease) in cash and cash equivalents	397	(6,689)	(6,292)
Cash and cash equivalents at beginning of year . . .	17,384	35,339	52,723
Cash and cash equivalents at end of year.	\$ 17,781	\$ 28,650	\$ 46,431
 Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (5,021)	\$ (28,422)	\$ (33,443)
Adjustments:			
Depreciation.	-	17,264	17,264
Changes in assets and liabilities:			
Decrease in inventory held for resale	5,418	-	5,418
Increase in accounts receivable	-	(415)	(415)
Increase in accounts payable.	-	4,690	4,690
Decrease in accrued wages and benefits	-	(63)	(63)
Decrease in intergovernmental payable.	-	(8,584)	(8,584)
Increase in compensated absences payable.	-	7,888	7,888
Increase in pension obligation payable.	-	2,167	2,167
Decrease in contracts payable	-	(1,214)	(1,214)
Net cash provided by (used in) operating activities	\$ 397	\$ (6,689)	\$ (6,292)

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
UNIFORM SCHOOL SUPPLIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services.	\$ 27,000	\$ 27,000	\$ 27,622	\$ 622
<i>Total operating revenues</i>	<u>27,000</u>	<u>27,000</u>	<u>27,622</u>	<u>622</u>
Operating expenses:				
Materials and supplies.	30,447	28,878	27,225	1,653
<i>Total operating expenses</i>	<u>30,447</u>	<u>28,878</u>	<u>27,225</u>	<u>1,653</u>
<i>Net change in fund equity</i>	(3,447)	(1,878)	397	2,275
<i>Fund equity at beginning of year</i>	13,937	13,937	13,937	-
<i>Prior year encumbrances appropriated</i>	3,447	3,447	3,447	-
<i>Fund equity at end of year</i>	<u>\$ 13,937</u>	<u>\$ 15,506</u>	<u>\$ 17,781</u>	<u>\$ 2,275</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY PROGRAMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Tuition and fees	\$ 133,104	\$ 139,328	\$ 156,065	\$ 16,737
Miscellaneous.	121,995	127,700	127,232	(468)
Other revenue	6,210	6,500	4,140	(2,360)
<i>Total operating revenues</i>	<u>261,309</u>	<u>273,528</u>	<u>287,437</u>	<u>13,909</u>
Operating expenses:				
Salaries and wages	27,184	32,696	24,373	8,323
Fringe benefits	3,934	4,732	4,973	(241)
Purchased services	92,940	111,785	108,274	3,511
Materials and supplies.	108,922	131,006	133,536	(2,530)
Other	38,684	46,528	54,796	(8,268)
<i>Total operating expenses</i>	<u>271,664</u>	<u>326,747</u>	<u>325,952</u>	<u>795</u>
<i>Operating income (loss)</i>	<u>(10,355)</u>	<u>(53,219)</u>	<u>(38,515)</u>	<u>14,704</u>
Nonoperating revenues:				
Proceeds from sale of capital assets	191	200	69	(131)
<i>Total nonoperating revenues</i>	<u>191</u>	<u>200</u>	<u>69</u>	<u>(131)</u>
<i>Net change in fund equity</i>	(10,164)	(53,019)	(38,446)	14,573
<i>Fund equity at beginning of year</i>	38,697	38,697	38,697	-
<i>Prior year encumbrances appropriated</i>	14,364	14,364	14,364	-
<i>Fund equity at end of year</i>	<u>\$ 42,897</u>	<u>\$ 42</u>	<u>\$ 14,615</u>	<u>\$ 14,573</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SELF INSURANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Earnings on investments	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Charges for services.	<u>2,251,350</u>	<u>3,033,291</u>	<u>3,004,334</u>	<u>(28,957)</u>
<i>Total operating revenues</i>	<u>2,252,350</u>	<u>3,034,291</u>	<u>3,004,334</u>	<u>(29,957)</u>
Operating expenses:				
Purchased services	270,966	422,350	313,332	109,018
Claims.	<u>1,901,384</u>	<u>2,963,650</u>	<u>3,037,436</u>	<u>(73,786)</u>
<i>Total operating expenses</i>	<u>2,172,350</u>	<u>3,386,000</u>	<u>3,350,768</u>	<u>35,232</u>
<i>Net change in fund equity</i>	80,000	(351,709)	(346,434)	5,275
<i>Fund equity at beginning of year</i>	<u>351,709</u>	<u>351,709</u>	<u>351,709</u>	<u>-</u>
<i>Fund equity at end of year</i>	<u>\$ 431,709</u>	<u>\$ -</u>	<u>\$ 5,275</u>	<u>\$ 5,275</u>

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 1,072	\$ 1,072
Contributions and donations	<u>27,000</u>	<u>27,000</u>	<u>38,225</u>	<u>11,225</u>
<i>Total revenues</i>	<u>27,000</u>	<u>27,000</u>	<u>39,297</u>	<u>12,297</u>
Expenses:				
Other	<u>27,000</u>	<u>33,000</u>	<u>30,000</u>	<u>3,000</u>
<i>Total expenses</i>	<u>27,000</u>	<u>33,000</u>	<u>30,000</u>	<u>3,000</u>
<i>Net change in fund equity</i>	-	(6,000)	9,297	15,297
<i>Fund equity at beginning of year</i>	<u>39,656</u>	<u>39,656</u>	<u>39,656</u>	<u>-</u>
<i>Fund equity at end of year</i>	<u>\$ 39,656</u>	<u>\$ 33,656</u>	<u>\$ 48,953</u>	<u>\$ 15,297</u>

ROCKY RIVER CITY SCHOOL DISTRICT
COMBINING STATEMENTS - AGENCY FUND

AGENCY FUND

Student Managed Activities Fund

This fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

**ROCKY RIVER CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Beginning Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2005</u>
Student Managed Activities				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 82,187	\$ 194,941	\$ 201,375	\$ 75,753
Liabilities:				
Accounts payable.	\$ -	\$ 1,285	\$ -	\$ 1,285
Due to students	<u>82,187</u>	<u>74,468</u>	<u>82,187</u>	<u>74,468</u>
Total liabilities.	<u>\$ 82,187</u>	<u>\$ 75,753</u>	<u>\$ 82,187</u>	<u>\$ 75,753</u>

STATISTICAL SECTION

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Rocky River City School District
*Governmental Activities Revenues by Source
and Expenses by Function
Last Five Fiscal Years (1)*

	2005	2004	2003	2002	2001
Program Revenues					
Charges for Services	\$ 882,195	\$ 689,131	\$ 641,923	\$ 658,216	\$ 557,591
Operating Grants and Contributions	2,221,173	1,910,411	1,824,585	1,613,584	1,487,474
Capital Grants and Contributions	22,575	12,000	64,801	39,323	124,308
General Revenues					
Taxes (2)	20,455,619	23,317,777	18,997,675	22,202,315	19,985,894
Intergovernmental	4,443,667	4,432,768	4,264,539	4,043,817	3,831,578
Investment Earnings	174,957	94,157	160,029	382,782	988,182
Gain on Sale of Capital Asset	5,942	-	-	-	6,016
Miscellaneous	154,951	5,801	54,874	52,078	153,417
Total	\$ 28,361,079	\$ 30,462,045	\$ 26,008,426	\$ 28,992,115	\$ 27,134,460
Expenses					
Current:					
Instruction:					
Regular	\$ 13,350,039	\$ 12,507,785	\$ 11,967,804	\$ 11,149,321	\$ 6,732,218
Special	3,117,764	3,189,411	3,015,213	2,992,102	2,938,803
Vocational	507,790	223,699	272,121	254,075	339,407
Other	30,999	-	-	-	-
Support Services:					
Pupil	1,741,857	1,638,968	1,455,209	1,372,246	1,441,604
Instructional Staff	1,231,668	906,393	843,360	715,646	1,197,071
Board of Education	231,170	22,850	29,123	130,178	20,275
Administration	1,626,494	1,518,691	1,495,752	1,268,525	2,374,172
Fiscal	836,877	664,869	630,446	676,445	799,415
Business	387,559	478,341	327,517	481,778	1,052,019
Operations and Maintenance	3,369,609	3,344,093	3,010,065	2,725,763	2,967,923
Pupil Transportation	1,248,582	1,410,415	1,050,482	852,648	896,795
Central	936,664	594,391	635,583	648,400	2,303,118
Operation of Non-Instructional Services	143,006	1,301,536	1,352,962	1,244,624	1,196,061
Extracurricular Activities	743,811	1,253,542	926,228	812,311	808,624
Intergovernmental	1,344,228	-	-	-	-
Interest and Fiscal Charges	1,474,379	1,411,684	1,458,885	1,510,459	1,585,232
Total	\$ 32,322,496	\$ 30,466,668	\$ 28,470,750	\$ 26,834,521	\$ 26,652,737

(1) The School District has only reported on a full accrual basis since fiscal year 2001.

(2) Fluctuations in property tax revenues are caused by the variation in the amounts which are available as an advance from the County Auditor at year end and the change in rate based on the passage of a tax increase in May 2002.

Source: School District Financial Records

Rocky River City School District
General Fund Revenues by Source
and Expenditures by Function
Last Ten Fiscal Years

	2005	2004	2003	2002	2001
Revenues					
Taxes (1)	\$ 18,166,171	\$ 20,424,280	\$ 16,552,914	\$ 18,501,926	\$ 16,321,910
Intergovernmental - State	4,065,237	4,099,777	3,873,294	3,625,331	3,478,108
Earnings on investments	161,992	83,933	135,309	344,468	912,817
Charges for Services	-	119,609	101,077	57,811	50,026
Tuition	132,903	152,570	157,949	188,033	165,032
Rentals	19,218	24,094	59,151	54,378	68,457
Classroom materials and fees	13,595	-	-	-	-
Contributions and donations	500	-	-	-	-
Other local revenues	101,883	1,647	2,077	5,783	1,034
Total	\$ 22,661,499	\$ 24,905,910	\$ 20,881,771	\$ 22,777,730	\$ 20,997,384
Expenditures					
Current:					
Instruction	\$ 16,044,614	\$ 14,111,588	\$ 13,232,894	\$ 12,512,414	\$ 11,884,829
Support Services:					
Pupil	1,474,450	1,380,913	1,285,265	1,249,362	1,187,076
Instructional staff	996,936	823,139	748,057	714,836	682,993
Board of education	229,603	23,573	28,340	24,156	20,275
Administration	1,473,548	1,393,006	1,370,287	1,246,165	1,110,961
Fiscal	754,097	639,695	589,125	645,247	572,253
Business	381,943	435,357	325,115	284,907	290,860
Operations and maintenance	3,079,464	3,030,354	2,775,288	2,632,355	2,445,296
Pupil transportation	1,153,653	1,071,030	1,046,926	871,363	932,466
Central	869,607	604,115	684,226	651,949	442,158
Extracurricular Activities	712,757	682,016	586,298	499,831	508,765
Facilities acquisition and construction	119,717	-	-	-	-
Capital outlay	229,845	112,737	-	-	-
Debt Service:					
Principal retirement	42,967	-	29,348	27,867	26,461
Interst and fiscal charges	7,341	-	832	2,313	3,719
Total	\$ 27,570,542	\$ 24,307,523	\$ 22,702,001	\$ 21,362,765	\$ 20,108,112

(1) Fluctuations in property tax revenues are caused by the variation in the amounts which are available as an advance from the County Auditor at year end and the change in rate based on the passage of a tax increase in May 2002.

Source: School District Financial Records.

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$ 14,739,813	\$ 14,828,925	\$ 14,255,378	\$ 13,281,292	\$ 12,215,597
3,192,238	2,850,877	2,520,536	2,436,851	2,273,398
1,075,825	1,491,192	773,732	261,786	279,928
47,832	50,087	56,614	46,047	-
112,045	76,811	13,264	13,793	15,426
47,086	138,780	40,875	39,885	-
-	-	-	-	-
4,000	-	-	-	-
924	5,318	200,921	15,313	86,246
<u>\$ 19,219,763</u>	<u>\$ 19,441,990</u>	<u>\$ 17,861,320</u>	<u>\$ 16,094,967</u>	<u>\$ 14,870,595</u>

\$ 11,485,411	\$ 10,475,192	\$ 9,543,069	\$ 8,750,966	\$ 8,564,230
1,077,231	964,165	865,259	875,978	771,073
733,502	671,078	646,513	621,191	577,442
18,970	28,064	31,735	29,835	35,854
1,152,030	972,060	1,033,329	1,036,815	936,592
941,808	449,018	522,526	399,496	318,168
264,947	229,784	203,369	227,293	268,768
2,474,137	2,250,286	2,286,880	2,238,259	2,143,505
896,073	747,354	727,042	840,714	739,719
633,510	652,620	492,323	614,600	484,400
517,938	453,384	581,969	463,038	422,300
-	-	-	-	-
-	-	3,600	92,675	54,124
25,125	23,857	-	-	49,109
5,055	6,323	-	-	2,532
<u>\$ 20,225,737</u>	<u>\$ 17,923,185</u>	<u>\$ 16,937,614</u>	<u>\$ 16,190,860</u>	<u>\$ 15,367,816</u>

Rocky River City School District
Property Tax Levies and Collections
Real and Tangible Personal Property (1)
Last Ten Calendar Years

Year (2)	Current Levy	Delinquent Levy	Total Levy	Current Collections	Percent of Current Levy Collected
2004	\$25,109,123	\$1,070,529	\$26,179,652	\$23,985,396	95.52%
2003	24,772,327	1,521,061	26,293,388	24,182,240	97.62
2002	21,942,966	1,704,967	23,647,933	21,209,241	96.66
2001	22,372,013	1,309,954	23,681,967	21,772,318	97.32
2000	21,734,779	701,301	22,436,080	21,407,883	98.50
1999	19,446,461	919,915	20,366,376	18,924,826	97.52
1998	19,225,206	1,112,513	20,337,719	18,730,169	97.42
1997	16,831,137	1,075,158	17,906,295	16,276,398	96.70
1996	15,555,703	1,033,787	16,589,490	15,233,043	97.93
1995	15,634,407	1,013,074	16,647,481	15,218,587	97.34

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) 2004 information cannot be presented because all collections have not been made by June 30.

<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Total Collection As a Percent of Current Levy</u>
\$593,588	\$24,578,984	97.89%
698,404	24,880,644	100.44
767,998	21,977,239	100.16
446,303	22,218,621	99.32
208,654	21,616,537	99.46
597,807	19,522,633	99.24
606,605	19,336,774	100.00
249,068	16,525,466	98.18
262,991	15,496,034	99.62
273,746	15,492,333	99.09

Rocky River City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2005	\$666,296,240	\$1,903,703,543	\$10,341,880	\$11,752,136
2004	663,153,590	1,894,724,543	10,150,730	11,534,920
2003	604,957,220	1,728,449,200	10,146,330	11,529,920
2002	610,185,370	1,743,386,771	10,476,890	11,905,557
2001 (2)	601,385,550	1,718,244,429	13,190,950	14,989,716
2000	524,675,910	1,499,074,029	12,877,130	14,633,102
1999	520,815,150	1,488,043,286	14,147,550	16,076,761
1998 (3)	517,522,350	1,478,635,286	14,559,700	16,545,114
1997	474,869,360	1,356,769,600	15,216,930	17,291,966
1996	469,970,430	1,342,772,657	15,759,370	17,908,375

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis because this 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.
 Capital assets for tangible personal property is assessed at twenty-five percent of actual value.
 Inventory for tangible personal property is assessed at twenty-three percent of actual value.

(2) Reappraisal of property values.

(3) Triennial update of property values.

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	
\$15,226,500	\$66,202,174	\$691,864,620	\$1,981,657,853	35%
18,767,823	78,199,263	692,072,143	1,984,458,726	35
20,434,063	81,736,252	635,537,613	1,821,715,372	35
22,528,229	90,112,916	643,190,489	1,845,405,244	35
21,603,344	86,413,376	636,179,844	1,819,647,520	35
21,160,548	84,642,192	558,713,588	1,598,349,323	35
22,236,921	88,947,684	557,199,621	1,593,067,731	35
20,997,223	83,988,892	553,079,273	1,579,169,292	35
21,196,321	84,785,284	511,282,611	1,458,846,850	35
20,538,848	82,155,392	506,268,648	1,442,836,424	35

Rocky River City School District
Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 of Assessed Valuation)
Last Ten Calendar Years

Year	School Levy	Library Levy	County Levy	City Levy	Total Levy	Debt Service Included in Total Levy		
						School	County	Total
2005	\$72.00	\$6.10	\$18.30	\$10.90	\$107.30	\$4.63	\$0.89	\$5.52
2004	72.00	4.70	18.00	9.90	104.60	4.63	0.91	5.54
2003	72.40	4.70	16.20	9.90	103.20	5.03	0.91	5.94
2002	67.50	4.70	16.20	9.90	98.30	5.03	0.86	5.89
2001	68.00	4.70	16.20	9.90	98.80	5.53	0.79	6.32
2000	68.60	4.70	15.30	9.90	98.50	6.13	0.85	6.98
1999	64.70	3.80	15.30	9.90	93.70	6.13	0.72	6.85
1998	64.40	3.80	16.60	9.90	94.70	5.83	0.60	6.43
1997	60.90	3.80	16.60	9.90	91.20	2.33	0.90	3.23
1996	58.40	3.80	16.60	9.90	88.70	3.33	0.87	4.20

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.

Rocky River City School District
*Ratio of Annual Debt Service Expenditures For
 General Obligation Bonded Debt to General Fund Expenditures
 Last Ten Fiscal Years*

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentages)
2005	\$1,860,000	\$1,166,904	\$3,026,904	\$27,570,542	10.98%
2004	1,780,000	1,249,589	3,029,589	24,307,523	12.46
2003	1,700,000	1,326,874	3,026,874	22,702,001	13.33
2002	1,895,000	1,406,532	3,301,532	21,362,765	15.45
2001	1,825,000	1,488,786	3,313,786	20,108,112	16.48
2000	1,760,000	1,566,201	3,326,201	20,225,737	16.45
1999	1,300,000	1,630,604	2,930,604	17,923,185	16.35
1998	265,000	847,047	1,112,047	16,937,614	6.57
1997	1,165,000	376,767	1,541,767	16,190,860	9.52
1996	1,065,000	834,261	1,899,261	15,367,816	12.36

Source: School District Financial Records.

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

Year	Gross General Obligation Bonded Debt	Less: Balance of Debt Service Fund	Net General Obligation Bonded Debt	Assessed Value
2005	\$22,549,128	\$3,062,031	\$19,487,097	\$691,864,620
2004	24,409,128	3,064,003	21,345,125	692,072,143
2003	26,189,128	2,806,234	23,382,894	635,537,613
2002	27,889,128	3,006,437	24,882,691	643,190,489
2001	29,784,128	2,594,000	27,190,128	636,179,844
2000	31,655,990	2,418,709	29,237,281	558,713,588
1999	33,369,127	2,582,292	30,786,835	557,199,621
1998	34,702,511	2,127,551	32,574,960	553,079,273
1997	10,476,539	397,202	10,079,337	511,282,611
1996	12,260,000	1,061,030	11,198,970	506,268,648

(1) Source: Bureau of Census, City of Rocky River.

<u>Population (1)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
20,735	2.82%	\$940
20,735	3.08	1,029
20,735	3.68	1,128
20,735	3.87	1,200
20,735	4.27	1,311
20,410	5.23	1,432
20,410	5.53	1,508
20,410	5.89	1,596
20,410	1.97	494
20,410	2.21	549

Rocky River City School District
Computation of Legal Debt Margin
 June 30, 2005

Assessed Valuation	\$691,864,620
Overall Debt Limit - 9% of Assessed Value (1)	\$62,267,816
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	(23,575,348)
Amount Available in Debt Service Fund	3,062,031
Overall Debt Margin	\$41,754,499
Unvoted Debt Limit - .10% of Assessed Value (1)	\$691,865
Amount of Debt Applicable	0
Unvoted Debt Margin	\$691,865

Source: Cuyahoga County Auditor and School District Financial Records

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

Rocky River City School District
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2004

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
<u>Direct:</u>			
Rocky River City School District	\$22,549,128	100.00%	\$22,549,128
<u>Overlapping:</u>			
City of Rocky River	15,145,000	95.37	14,443,787
Cuyahoga County	251,154,636	2.25	5,650,979
Regional Transit Authority	147,025,000	2.25	3,308,063
City of Fairview Park	3,470,000	4.63	160,661
Total Overlapping	416,794,636		23,563,490
Total	\$439,343,764		\$46,112,618

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis (including 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 2004 collection year.

Rocky River City School District

Property Value, Construction

and Bank Deposits

Last Ten Calendar Years

<u>Year</u>	<u>Number of Commercial Units (a)</u>	<u>Construction Value (a)</u>	<u>Number of Residential Units (a)</u>	<u>Construction Value (a)</u>	<u>Cuyahoga County Bank Deposits (b) (Amount in 000's)</u>
2004	7	\$15,653,073	157	\$35,170,000	\$101,837,959
2003	3	6,843,800	24	8,195,000	97,238,973
2002	1	9,570,917	10	3,190,000	95,761,917
2001	5	6,469,000	16	6,646,000	63,893,769
2000	2	6,119,202	7	2,476,750	61,942,764
1999	3	1,917,500	14	5,810,000	57,021,360
1998	5	5,485,000	24	5,220,000	56,770,353
1997	3	3,287,001	16	4,123,500	53,941,971
1996	4	3,859,826	75	8,109,237	27,068,211
1995	1	6,651,500	24	8,437,749	22,458,573

Source: (a) City of Rocky River, Building Department

(b) Federal Reserve Bank of Cleveland (total demand, time and savings deposits per 000's) for Cuyahoga County, Ohio Banks

(c) Cuyahoga County Auditor

Note: One precinct of the City of Fairview Park, Ohio is part of the Rocky River City School District. The new construction data for that precinct only is not available from the City of Fairview Park.

<u>Tax Valuation Residential/ Agricultural (c)</u>	<u>Tax Valuation Commercial/ Other (c)</u>	<u>Total Assessed Real Property</u>
\$544,449,669	\$121,846,571	\$666,296,240
541,584,330	121,569,260	663,153,590
484,197,438	120,759,782	604,957,220
488,381,960	121,803,410	610,185,370
484,330,340	117,055,210	601,385,550
425,295,680	99,380,230	524,675,910
421,812,000	99,003,150	520,815,150
419,217,480	98,304,870	517,522,350
381,460,810	93,408,550	474,869,360
379,938,520	90,031,910	469,970,430

Rocky River City School District

Principal Taxpayers

Real Estate Tax

December 31, 2004

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Assessed Value</u>
Westgate Joint Venture	\$17,278,880	2.59%
Westwood Towne Center Inc.	5,447,130	0.82%
Normandy Associates, Ltd.	5,103,390	0.77%
Rockport Associates, Ltd.	4,731,610	0.71%
Presidential Apartments, Ltd.	4,057,450	0.61%
Spielberger, John D.	3,258,680	0.49%
Linden Apartments Company	2,660,000	0.40%
W & F Plaza Investments, LTD	2,449,880	0.37%
Gross Management	2,240,010	0.34%
Harbor Court	<u>2,145,260</u>	<u>0.31%</u>
Total	<u>\$49,372,290</u>	<u>7.41%</u>
Total Real Estate Valuation	<u>\$666,296,240</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for calendar year 2004.

Rocky River City School District

Principal Taxpayers

Tangible Personal Property Tax

December 31, 2004

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Assessed Value</u>
Higbee Co.	\$1,422,600	9.34%
Riser Foods Company	698,530	4.59
Target Corporation	661,510	4.34
Cox Cable	605,840	3.98
Kohl's Department Store	542,900	3.57
Marc Glassman Inc.	371,180	2.44
Maverick C&P Inc.	320,290	2.10
Heinen's, Inc.	304,240	2.00
Walgreen Corporation	266,500	1.75
Sygenta Crop Protection Inc.	<u>201,010</u>	<u>1.32</u>
Total	<u>\$5,394,600</u>	<u>35.43%</u>
Total Tangible Assessed Valuation	<u>\$15,226,500</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for calendar year 2004.

Rocky River City School District
Principal Taxpayers
Public Utilities Real and Tangible Property Tax
December 31, 2004

Name of Taxpayer	Assessed Value (1)	Percentage of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$4,378,020	42.33%
Ohio Bell Telephone Company	3,396,580	32.84%
East Ohio Gas Company	727,600	7.04%
American Transmission Systems Company	506,370	4.90%
	<u>\$9,008,570</u>	<u>87.11%</u>
Total Public Utility Assessed Value	<u>\$10,341,880</u>	

Source: Cuyahoga County Auditor

(1) Assessed values are for calendar year 2004.

Rocky River City School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Official Enrollment</u>	<u>Per Pupil Cost</u>
2005	\$27,570,542	2,623	\$10,511
2004	24,307,523	2,598	9,356
2003	22,702,001	2,575	8,816
2002	21,362,765	2,517	8,487
2001	20,108,112	2,458	8,181
2000	20,225,737	2,397	8,438
1999	17,923,185	2,341	7,656
1998	16,937,614	2,213	7,654
1997	16,190,860	2,167	7,472
1996	15,367,816	2,124	7,235

Source: School District Financial Records.

Rocky River City School District
Certificated Staff Education and Experience
 June 30, 2005

Degree	Number of Staff	Percentage of Total
Bachelor's Degree	11	6.51%
Bachelor's Degree + 9 hours	10	5.92
Bachelor's Degree + 18 hours	18	10.65
Master's Degree	52	30.77
Master's Degree+ 9 hours	24	14.20
Master's Degree + 18 hours	18	10.65
Master's Degree + 27 hours	15	8.87
Master's Degree + 36 hours	21	12.43
Total	<u>169</u>	<u>100.00%</u>

Years of Experience	Number of Staff	Percentage of Total
0 - 5	26	15.38%
6 - 10	46	27.22
11 and over	97	57.40
	<u>169</u>	<u>100.00%</u>

Source: School District Personnel Records (Excludes Administrators and Managers).

Rocky River City School District

Student Demographic Information

June 30, 2005

<u>Grade</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
CCB Preschool Handicapped	19	10	29
Kindergarten	71	88	159
First Grade	81	102	183
Second Grade	85	92	177
Third Grade	100	94	194
Fourth Grade	99	90	189
Fifth Grade	90	118	208
Sixth Grade	114	101	215
Seventh Grade	99	92	191
Eighth Grade	105	129	234
Ninth Grade	120	103	223
Tenth Grade	108	110	218
Eleventh Grade	104	98	202
Twelfth Grade	109	92	201
School District Total	<u>1,304</u>	<u>1,319</u>	<u>2,623</u>

	<u>Eskimo/ American Indian</u>	<u>Asian</u>	<u>Black</u>	<u>White</u>	<u>Multi-Racial</u>	<u>Hispanic</u>
Primary	0.70%	2.00%	0.50%	93.50%	2.00%	1.30%
Intermediate	0.30	1.40	0.80	93.80	2.20	1.50
Middle School	0.20	1.60	0.90	94.30	1.70	1.30
High School	0.10	1.20	0.40	94.80	2.30	1.20

Source: School District Student Records.

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ROCKY RIVER CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 12, 2006**