

**NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$35,301		\$36,414
National School Lunch Program	03/04-PU98/99	10.555	86,361		86,361	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>86,361</u>	<u>35,301</u>	<u>86,361</u>	<u>36,414</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B) Title VI B	6B-SF 97 P	84.027	0		8,559	
	6B-SF 98 P		150,692		147,109	
Special Education - Preschool Grant Title VI B	PG-S1 97 P	84.173	0		2,375	
	PG-S1 98 P		15,717		15,717	
Total Special Education Cluster			<u>166,409</u>		<u>173,760</u>	
Title VI	C2-S1 97	84.298	(223)		2,887	
	C2-S1 98		3,589		12,674	
	C2-S1 99		18,735		12,416	
Total Title VI			<u>22,101</u>		<u>27,977</u>	
Drug-Free Schools Grant	DR-S1 98	84.186	(187)		4,879	
	DR-S1 99		21,926		15,828	
Total Drug-Free Schools Grant			<u>21,739</u>		<u>20,707</u>	
Eisenhower Grant	MS-S1 97	84.281	0		9,393	
	MS-S1 98		(111)		10,117	
	MS-S1 99		10,845		4,663	
Total Eisenhower Grant			<u>10,734</u>		<u>24,173</u>	
Immigrant Grant	EI-S1 98	84.162	0		1,957	
	EI-S1 99		2,747		2,640	
Total Immigrant Grant			<u>2,747</u>		<u>4,597</u>	
Goals 2000	G2-A2 99	84.276	2,353		2,353	
Total Department of Education			<u>226,083</u>	<u>0</u>	<u>253,567</u>	<u>0</u>
Totals			<u>\$312,444</u>	<u>\$35,301</u>	<u>\$339,928</u>	<u>\$36,414</u>

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 1999**

Note 1: Significant Accounting Policies

The accompanying Schedule of Federal Awards Expenditures (Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

Note 2: Food Distribution

Nonmonetary assistance, food received from the U.S. Department of Agriculture, is reported in the Schedule at fair market value of the commodities received and consumed. The District's donated food commodities inventory at June 30, 1999 was not significant.



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the North Royalton City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 6, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated December 6, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 6, 1999.

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

JIM PETRO
Auditor of State

December 6, 1999



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

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

Compliance

We have audited the compliance of the North Royalton City School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of District's management. Our responsibility is to express an opinion on District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the District 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Federal Awards Expenditures

We have audited the general-purpose financial statements of the District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 6, 1999. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

JIM PETRO
Auditor of State

December 6, 1999

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster/84.027/84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

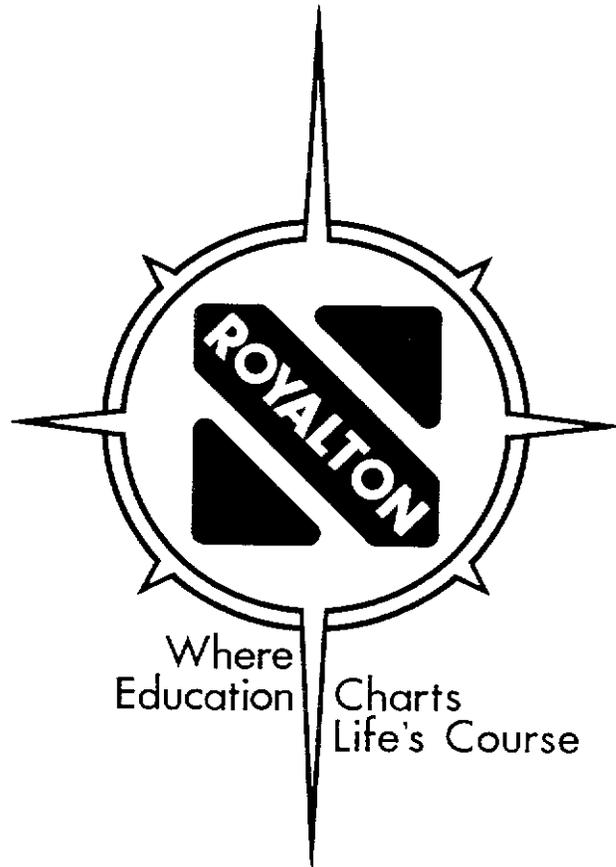
None



**Comprehensive
Annual Financial Report
For The Fiscal Year Ended June 30, 1999**

Issued by: Treasurer's Office, North Royalton City Schools
6579 Royalton Rd., North Royalton, OH 44133

North Royalton City Schools



Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 1999

Issued by: Treasurer's Office, North Royalton City Schools
6579 Royalton Rd., North Royalton, OH 44133

**INTRODUCTORY
SECTION**

North Royalton City School District

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 1999

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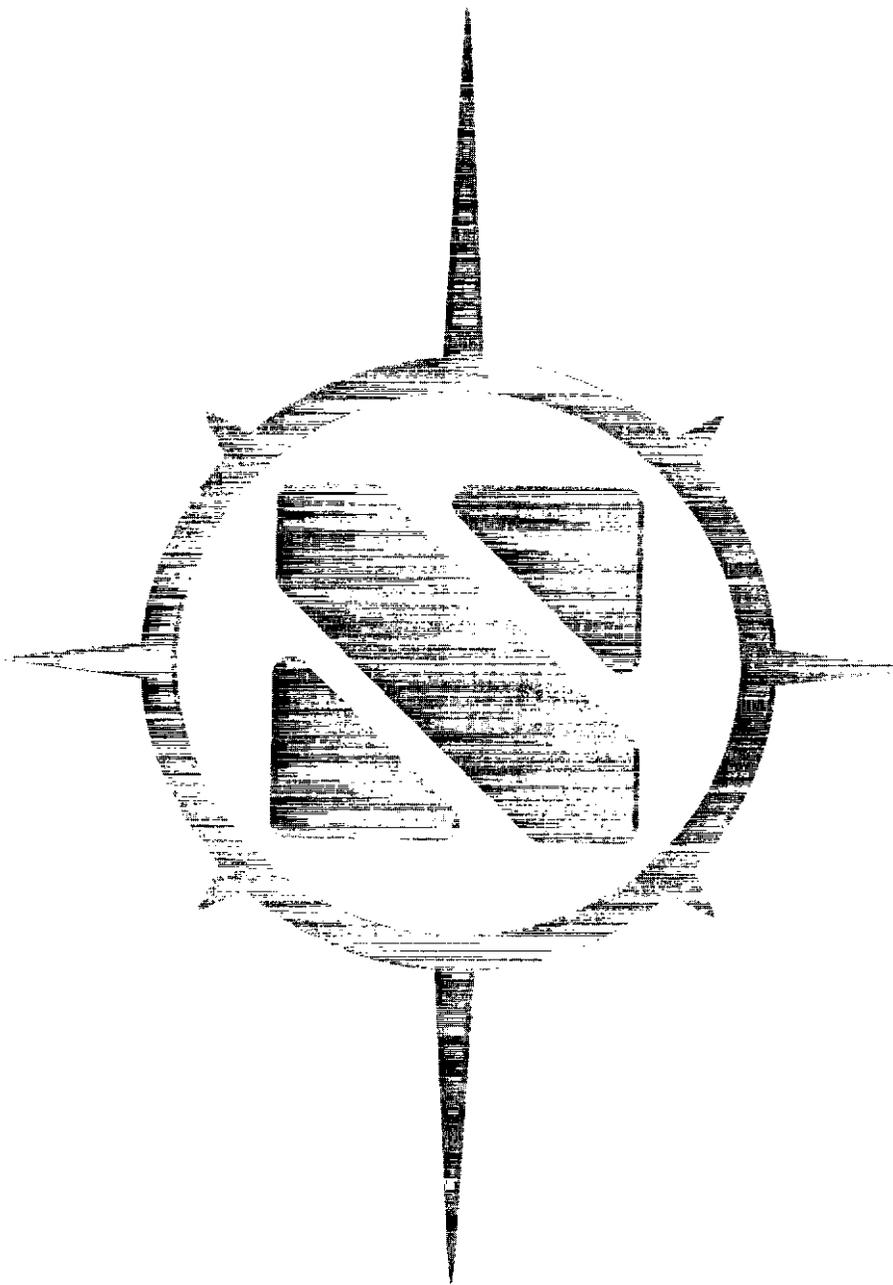
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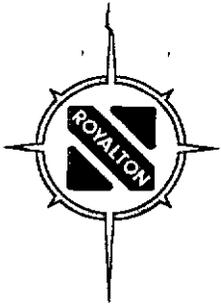
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NORTH ROYALTON CITY SCHOOLS

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December 6, 1999

Board of Education Members North Royalton City School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the North Royalton City School District for the fiscal year ended June 30, 1999. This CAFR, which includes financial statements and other financial and statistical data, conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the District.

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

This report is divided into the following sections:

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

The School District

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

The District is located in Cuyahoga County in northeastern Ohio, twenty miles south of the downtown area of the City of Cleveland and covers 25 square miles. Based on property valuations, the District includes 98.5% of the City of North Royalton and 22.0% of the City of Broadview Heights (*the remainder of each of these communities is in the Brecksville-Broadview Heights City School District*). The District is bounded by the City of Parma on the north, the City of Broadview Heights on the east, the City of Strongsville on the west and Medina County on the south.

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

Population in the City of North Royalton increased from approximately 20,600 in 1988 to approximately 27,600 in 1998 (a 34% increase). This growth caused school enrollment to increase by 1,360 (47%) in the same period.

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

The results of achievement, competency and proficiency testing continue to substantiate the effectiveness of the teaching-learning process in the North Royalton School District.

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

The Reporting Entity

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

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

Major Educational Initiatives:

1998 - 99 School Year

- Continued the cycle of curriculum review, enabling monitoring and updating of the K-12 educational program.
- Secured additional human resources to support the growth in student enrollment.
- Continued to identify, evaluate and acquire technological equipment to support the teaching-learning process.

For the Future

- Pro-actively and reactively respond to the continuing spate of unfunded mandates imposed on public schools by Ohio's General Assembly.
- Sustain the cycle of planning/revision of K-12 curricular areas.
- Continue implementation of interactive distance learning opportunities for students and staff.
- Enhance the working relationship with business and industry.
- Pursue alternative sources of revenue to support programs and activities offered by the school district.
- Strive to sustain district-wide accreditation from the North Central Association.

Financial Information

The District's accounting system is organized on a "fund" basis where each fund (and account group) is a distinct, self-balancing accounting entity. Beginning with the year ended

June 30, 1992, the District changed its basis of accounting from the cash basis to:

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

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

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

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

Internal Control

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

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

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

Budgetary Control

The District also maintains a series of budgetary controls. These controls are in place to ensure compliance with legal requirements of the District's annual appropriation measure.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by object in the General Fund and at the fund level for all other funds.

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

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

Governmental Functions

The following schedule presents a summary of revenues for the governmental funds, which include general, special revenue, debt service and capital projects fund types for the fiscal year ended June 30, 1999:

REVENUES		
	<u>Fiscal '99</u>	<u>% of Total</u>
Property Taxes	\$23,299,237	72.60
Earnings on Investments	326,446	1.02
Extracurricular Activities	150,352	0.47
Classroom Materials & Fees	110,366	0.34
Intergovernmental	7,875,351	24.54
Other	<u>331,467</u>	<u>1.03</u>
Total Revenues	<u>\$32,093,219</u>	<u>100.00</u>

Local property tax is the key revenue component of the District. Approximately 85.8

percent of tax revenue is utilized for general fund operations, 11.6 percent is utilized for debt service fund activities and 2.6 percent is utilized for permanent improvements. Real estate tax revenues have been growing from year to year due, primarily, to new residential construction.

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

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

"Intergovernmental" include "rollback" reimbursements from the State of Ohio, State Foundation Program receipts, State and Federal grants and other reimbursements from the State. Rollback is a 12½% reduction in taxes for residential real estate property owners and a 10% reduction in taxes for commercial real estate property owners. The State reimburses those funds to school districts. The State Foundation funds are determined and controlled by the State Legislature. Intergovernmental payments provide 24 percent of the District's General Fund revenues.

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

The following schedule presents a summary of expenditures for governmental funds for the fiscal year ended June 30, 1999:

EXPENDITURES

	<u>Fiscal '99</u>	<u>% of Total</u>
Current:		
Instruction	\$15,007,639	49.80
Support Services:		
Pupil	1,444,322	4.79
Instructional	1,501,589	4.98
Administration	2,256,472	7.48
Business & Fiscal Services	853,059	2.83
Plant Operations/Maintenance	2,626,710	8.72
Pupil Transportation	1,960,510	6.51
Central Services	93,740	0.31
Community Service	439,865	1.46
Other	62,905	0.21
Extracurricular Activities	432,962	1.44
Capital Outlay	693,582	2.30
Debt Service	<u>2,764,050</u>	<u>9.17</u>
Total Expenditures	<u>\$30,137,405</u>	<u>100.00</u>

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

Of the total Support Services expenditures, "Plant Operations & Maintenance" made up 24% and "Pupil Transportation" made up 18%.

Expenditures within the Debt Service Fund relate to general obligation bonds: a 1977 issue, a 1988 issue that was re-financed in 1993 and the 1994 Middle School bond issue.

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

The budget basis General Fund balance at June 30, 1999 was \$1,212,932. Under the modified accrual basis of accounting, the General Fund had a balance at June 30, 1999 of \$1,565,761. The primary components of the difference between the two were the accrued salaries and benefits which have been recognized as expenditures of the current fiscal year.

Proprietary Operations

Enterprise Funds

The District operates several enterprise activities, including the Food Service program, Uniform School Supplies operations, the After School Care Program and the Rotary Fund. It is the Board of Education's desire to operate these programs on a self-supporting basis. Therefore, profit/loss measures must be maintained. These operations are classified and accounted for as enterprise funds.

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

The Uniform Supplies Fund accounts for the purchases and sales of supplies, materials and other school-related items purchased by students.

The After School Care Program Fund accounts for revenues and expenses related to supervision of "latch key" children.

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

Internal Service Funds

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

Fiduciary Operations

Agency

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

Debt Administration

At June 30, 1999, the District had general obligation bonds outstanding of \$26,270,709. Under the Ohio Revised Code, total general obligation bonded debt is subject to legal limitations on both voted and unvoted debt. These limitations are 9.0% and 0.1% of the total assessed valuation of the District, respectively.

The District's total general obligation debt of \$26,270,709 is below the legal limit of \$59,247,279 (voted and unvoted). All bonds outstanding are general obligations of the District for which the full faith and credit of the District is pledged for repayment.

Cash Management

During the year, cash not needed for immediate use was invested. Investments at June 30, 1999 consisted of various U.S. Government and Federal Agency bonds with a total carrying value of \$1,840,624 and an investment in the State Treasurer's Asset Reserve of Ohio (STAR Ohio) with a carrying value of \$2,279,263. The carrying value of these investments approximates their fair values at June 30, 1999.

STAR Ohio is a program administered by the Office of the Treasurer of the State of Ohio. STAR Ohio is an investment pool offered to political subdivisions of the State of Ohio for the investment of funds. STAR Ohio's investment portfolio consists of investments authorized by the Ohio Revised Code including instruments of the Federal government and its agencies and instrumentalities, collateralized certificates of deposit and repurchase agreements. This investment pool features daily liquidity of all funds, no minimum balance requirements and no service charges. Total GAAP-basis interest earned from these investments during the year was \$338,087.

Risk Management

The District provides hospital/medical, vision, dental and life insurance benefits for its employees on a partially self-insured basis. Third party administrators process and pay all claims. An excess coverage (stop loss) insurance policy covers the self-insured portion of hospital/medical claims in excess of (1) \$50,000 per employee and (2) an annual aggregate for the District of \$1,691,949 at June 30, 1999.

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

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

Economic Condition and Outlook

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

The number of new homes being built in the City annually has averaged over 150 for the past decade. The new homes being built typically range in price from \$130,000 to \$240,000, with some homes costing over \$500,000.

The North Royalton City School District receives over 72% of its governmental revenues from local property tax collections. Therefore, the long term financial health of the District is very dependent on its tax base. While the total assessed valuation of the District's tax duplicate rose 32% in the past five years, the residential real estate component rose by 51%. This increase was primarily due to construction of new homes.

Financial Condition and Outlook

Ohio's system of funding public schools was declared unconstitutional by the Ohio Supreme Court on March 24, 1997. The 4 - 3 Court ruling ended a five-year battle over the constitutionality of Ohio's school funding system. The plaintiffs (500 school districts organized as the Ohio Coalition for Equity and Adequacy of School Funding) provided evidence to show that their school districts were starved for funds, lacked adequate buildings, textbooks and equipment and that their pupils were being deprived of educational opportunities. One of the Justices stated the Supreme Court's conclusion clearly and briefly: "By our decision today, we send a clear message to lawmakers: the time has come to fix the system. Let there be no misunderstanding. Ohio's public school financing scheme must undergo a complete systematic overhaul." The Ohio Legislature was given one year to develop a plan for providing a "thorough and efficient system of public schools" in Ohio.

In March of 1998, the Legislature submitted a **Statement of Compliance with DeRolph Decision** to the Perry County Court of Common Pleas. The **Statement** presented the adjustments that had been made to the State Foundation Formula, increases in funding for facilities and the new academic and financial accountability standards that had been established. The Common Pleas Court held hearings, beginning in August, 1998, to hear arguments for and against the **Statement**. The public school community appears to unanimously believe that the changes the Legislature has made in funding do not correct the

fundamental problems of the system and do not represent a "complete systematic overhaul" of the system. The Common Pleas Court ruled in favor of the plaintiffs on February 26, 1999. The State immediately filed an appeal with the Ohio Supreme Court. A decision is expected in the spring of 2000.

Deregulation of public utilities, and the consequent reduction in tax rates, is a fact of life in Ohio. The decrease in the tangible property tax assessment rate for telecommunications companies reduced annual revenues for Ohio's public schools by over \$125 million. Electric utility deregulation is slated to begin affecting tax revenues on January 1, 2002. Although a revenue replacement plan is incorporated into the deregulation legislation, only time will tell if the alternative revenue is sufficient. Gas utility deregulation is also being discussed and it has been estimated that the resulting annual revenue loss to Ohio's public schools will be over \$50 million.

Use of Report

This report is published to provide the Board of Education, the citizens in the North Royalton City School District and other interested persons, detailed information concerning the financial condition of the School District, with particular emphasis placed on the utilization of resources during Fiscal Year 1999. Further, this report will serve as a guide to formulating policies and conducting the School District's day-to-day activities. The information is presented in a manner designed to fairly set forth the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs have been included.

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

Legal Compliance/Independent Audit

Federal regulations require an annual audit of the District's financial statements and its compliance with certain grant requirements and the Ohio Revised Code. The Ohio Auditor of State's Office conducted the audit for the Fiscal Year 1999. In addition, the audit was designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The Report of Independent Accountants on the general purpose financial statements and combining and individual fund statements and schedules are included in the Financial Section of this report.

Government Finance Officers Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to North Royalton City Schools for its comprehensive annual financial report for the fiscal year ended June 30, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. North Royalton City Schools has received a Certificate of Achievement for the last six consecutive years (fiscal years ended June 30, 1993 through June 30, 1998). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

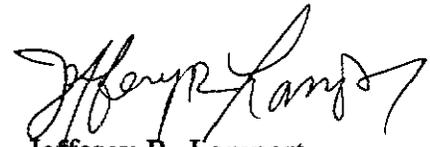
Acknowledgments

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

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

Respectfully submitted,


Clifford A. Reinhardt
Treasurer


Jefferey R. Lampert
Superintendent

NORTH ROYALTON CITY SCHOOL DISTRICT

List of Principal Officials

Elected Officials/Board Of Education

Daniel R. Potopsky	President
Heidi Dolezal	Vice President
Frank J. Pavlovicz	Member
Barbara Soggs	Member
Patricia M. Worton	Member

Administration

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Royalton City
Schools, Ohio

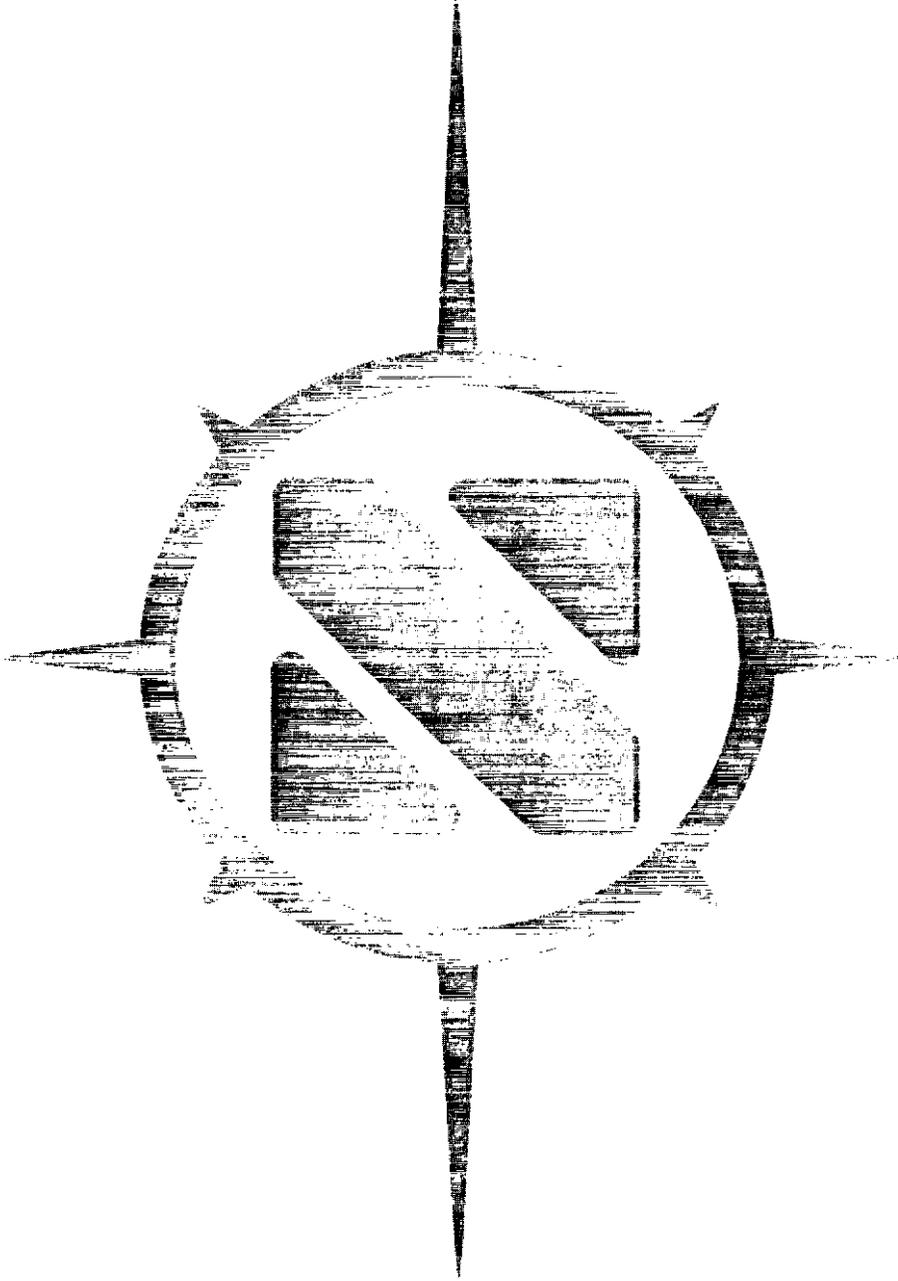
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

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.



Cary Brubaker
President

Jeffrey L. Esler
Executive Director



**FINANCIAL
SECTION**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general-purpose financial statements of the North Royalton City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the North Royalton City School District, Cuyahoga County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 1999 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 grants.

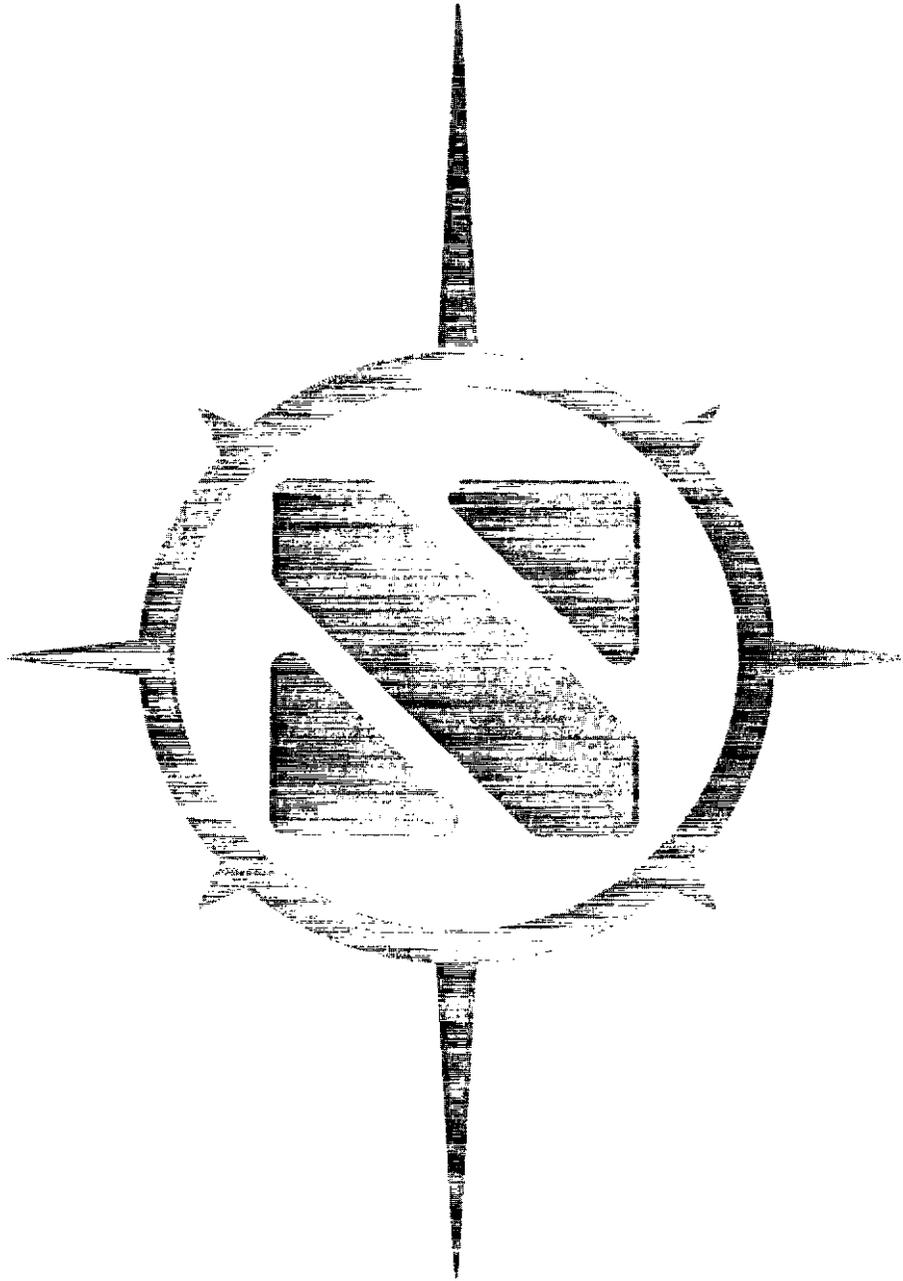
Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents, are presented for purposes of additional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

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a circular stamp or seal.

JIM PETRO
Auditor of State

December 6, 1999



GENERAL PURPOSE FINANCIAL STATEMENTS

North Royalton City School District
Cuyahoga County
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 866,957	\$ 244,305	\$ 1,514,584	\$ 576,942
Cash in Segregated Accounts	-	-	-	39,362
Receivables:				
Taxes	20,127,733	-	2,635,302	613,272
Accounts	2,925	-	-	-
Intergovernmental	69,622	-	-	-
Due from Other Funds	160,000	-	-	-
Inventory	118,687	-	-	-
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	345,975	-	-	-
Fixed Assets (Net of Accumulated Depreciation in Enterprise Funds)	-	-	-	-
Other Debits:				
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided for Payment of Benefits	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-
Total Assets and Other Debits	<u>\$21,691,899</u>	<u>\$ 244,305</u>	<u>\$4,149,886</u>	<u>\$1,229,576</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts and Contracts Payable	\$ 157,770	\$ 37,946	\$ -	\$ 40,893
Intergovernmental Payable	18,389	2,890	-	-
Retainage Payable	-	-	-	39,362
Accrued Wages and Benefits	2,070,971	-	-	-
Insurance Benefits Payable	239,827	-	-	-
Deferred Revenue	17,639,181	-	2,300,009	535,205
Due to Other Funds	-	-	-	160,000
Due to Students	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Total Liabilities	<u>20,126,138</u>	<u>40,836</u>	<u>2,300,009</u>	<u>775,460</u>
Fund Equity (Deficit) and Other Credits:				
Investment in General Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Unreserved Retained Earnings (Deficits)	-	-	-	-
Fund Balances (Deficits):				
Reserved for Encumbrances	107,897	127,707	-	236,477
Reserved for Inventory	118,687	-	-	-
Reserved for Property Tax Advance	2,488,552	-	335,293	78,067
Reserved for Budget Stabilization	345,975	-	-	-
Unreserved, Undesignated	(1,495,350)	75,762	1,514,584	139,572
Total Fund Equity and Other Credits	<u>1,565,761</u>	<u>203,469</u>	<u>1,849,877</u>	<u>454,116</u>
Total Liabilities, Equity and Other Credits	<u>\$21,691,899</u>	<u>\$ 244,305</u>	<u>\$4,149,886</u>	<u>\$1,229,576</u>

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

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 219,973	\$ 197,468	\$ 214,851	\$ -	\$ -	\$ 3,835,080
-	-	-	-	-	39,362
-	-	-	-	-	23,376,307
663	-	-	-	-	3,588
-	-	-	-	-	69,622
-	-	-	-	-	160,000
28,672	-	18,863	-	-	166,222
-	-	-	-	-	345,975
342,795	-	-	47,111,035	-	47,453,830
-	-	-	-	1,849,877	1,849,877
-	-	-	-	2,294,571	2,294,571
-	-	-	-	24,420,832	24,420,832
<u>\$ 592,103</u>	<u>\$ 197,468</u>	<u>\$ 233,714</u>	<u>\$ 47,111,035</u>	<u>\$ 28,565,280</u>	<u>\$ 104,015,266</u>
\$ 3,485	\$ 10,605	\$ 8,187	\$ -	\$ -	\$ 258,886
14,074	-	-	-	-	35,353
-	-	-	-	-	39,362
56,751	-	-	-	2,294,571	4,422,293
-	281,699	-	-	-	521,526
-	-	-	-	-	20,474,395
-	-	-	-	-	160,000
-	-	225,527	-	-	225,527
-	-	-	-	26,270,709	26,270,709
<u>74,310</u>	<u>292,304</u>	<u>233,714</u>	<u>-</u>	<u>28,565,280</u>	<u>52,408,051</u>
-	-	-	47,111,035	-	47,111,035
269,859	-	-	-	-	269,859
247,934	(94,836)	-	-	-	153,098
-	-	-	-	-	472,081
-	-	-	-	-	118,687
-	-	-	-	-	2,901,912
-	-	-	-	-	345,975
-	-	-	-	-	234,568
<u>517,793</u>	<u>(94,836)</u>	<u>-</u>	<u>47,111,035</u>	<u>-</u>	<u>51,607,215</u>
<u>\$ 592,103</u>	<u>\$ 197,468</u>	<u>\$ 233,714</u>	<u>\$ 47,111,035</u>	<u>\$ 28,565,280</u>	<u>\$ 104,015,266</u>

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues					
Taxes	\$19,994,086	\$ -	\$ 2,704,084	\$ 601,067	\$ 23,299,237
Tuition	39,664	-	-	-	39,664
Earnings on Investments	289,278	6,693	-	30,475	326,446
Extracurricular Activities	-	150,352	-	-	150,352
Classroom Materials and Fees	110,366	-	-	-	110,366
Intergovernmental	6,661,633	689,078	329,849	194,791	7,875,351
Refund of Prior Years' Expenditures	68,253	260	-	517	69,030
Other	102,240	40,089	-	80,444	222,773
Total Revenues	<u>27,265,520</u>	<u>886,472</u>	<u>3,033,933</u>	<u>907,294</u>	<u>32,093,219</u>
Expenditures					
Current:					
Regular and Special Instruction	13,782,213	127,337	-	410,831	14,320,381
Vocational, Adult and Other Instruction	687,258	-	-	-	687,258
Support Services:					
Pupil Services	1,428,989	15,333	-	-	1,444,322
Instructional Staff	1,353,353	148,236	-	-	1,501,589
Administration	2,249,010	-	-	7,462	2,256,472
Business and Fiscal Services	845,985	7,074	-	-	853,059
Plant Operation and Maintenance	2,544,205	-	-	82,505	2,626,710
Pupil Transportation	1,812,459	-	-	148,051	1,960,510
Central	93,740	-	-	-	93,740
Community Services	-	439,865	-	-	439,865
Other Non-Instructional	62,905	-	-	-	62,905
Extracurricular	432,962	-	-	-	432,962
Capital Outlay	-	185,470	-	508,112	693,582
Debt Service:					
Principal	-	-	1,310,000	-	1,310,000
Interest and Fiscal Charges	-	-	1,454,050	-	1,454,050
Total Expenditures	<u>25,293,079</u>	<u>923,315</u>	<u>2,764,050</u>	<u>1,156,961</u>	<u>30,137,405</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,972,441</u>	<u>(36,843)</u>	<u>269,883</u>	<u>(249,667)</u>	<u>1,955,814</u>
Other Financing Sources (Uses)					
Operating Transfers-In	206,100	30,000	-	-	236,100
Operating Transfers-Out	(237,100)	-	-	-	(237,100)
Sale of Assets	12,549	-	-	-	12,549
Total Other Financing Sources (Uses)	<u>(18,451)</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>11,549</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>1,953,990</u>	<u>(6,843)</u>	<u>269,883</u>	<u>(249,667)</u>	<u>1,967,363</u>
Fund Balances (Deficit) at Beginning of Fiscal Year	<u>(388,229)</u>	<u>210,312</u>	<u>1,579,994</u>	<u>703,783</u>	<u>2,105,860</u>
Fund Balances at End of Fiscal Year	<u>\$ 1,565,761</u>	<u>\$ 203,469</u>	<u>\$ 1,849,877</u>	<u>\$ 454,116</u>	<u>\$ 4,073,223</u>

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

North Royalton City School District
Cuyahoga County
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budget Basis)
All Governmental Fund Types
General Fund
For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 19,048,568	\$ 19,048,568	\$ -
Tuition	47,180	47,180	-
Earnings on Investments	280,150	287,901	7,751
Classroom Materials and Fees	110,361	110,366	5
Intergovernmental	6,793,948	6,661,883	(132,065)
Other	107,478	109,407	1,929
Total Revenues	<u>26,387,685</u>	<u>26,265,305</u>	<u>(122,380)</u>
Expenditures			
Current:			
Regular Instruction	13,047,178	12,828,920	218,258
Special Instruction	1,458,658	1,440,528	18,130
Vocational, Adult and Other Instruction	774,981	734,512	40,469
Support Services:			
Pupil Services	1,450,197	1,443,260	6,937
Instructional Staff	1,391,286	1,356,579	34,707
Board of Education	16,235	13,485	2,750
Administration	2,320,798	2,283,518	37,280
Business and Fiscal Services	925,110	879,191	45,919
Plant Operation and Maintenance	2,695,426	2,542,313	153,113
Pupil Transportation	1,877,112	1,826,362	50,750
Central	99,000	93,740	5,260
Community Services	73,201	66,199	7,002
Extracurricular	475,600	432,962	42,638
Total Expenditures	<u>26,604,782</u>	<u>25,941,569</u>	<u>663,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(217,097)</u>	<u>323,736</u>	<u>540,833</u>
Other Financing Sources (Uses)			
Operating Transfers - In	206,100	206,100	-
Operating Transfers - Out	(237,100)	(237,100)	-
Advances - In	650	650	-
Advances - Out	(160,650)	(160,650)	-
Refund of Prior Years' Expenditures	231	231	-
Other Sources	12,549	12,549	-
Total Other Financing Sources (Uses)	<u>(178,220)</u>	<u>(178,220)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(395,317)</u>	<u>145,516</u>	<u>540,833</u>
Fund Balance at Beginning of Fiscal Year	<u>913,011</u>	<u>913,011</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 517,694</u>	<u>\$ 1,058,527</u>	<u>\$ 540,833</u>

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

**North Royalton City School District
Cuyahoga County**

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

Special Revenue Funds

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Earnings on Investments	\$ 6,693	\$ 6,693	\$ -
Extracurricular Activities	140,581	150,352	9,771
Intergovernmental	687,588	689,078	1,490
Other	40,089	40,089	-
	<u>874,951</u>	<u>886,212</u>	<u>11,261</u>
Expenditures			
Current:			
Regular Instruction	111,917	101,699	10,218
Special Instruction	60,358	56,708	3,650
Support Services:			-
Pupil Services	19,091	16,478	2,613
Instructional Staff	149,420	149,978	(558)
Business and Fiscal Services	7,534	7,074	460
Community Services	570,558	558,100	12,458
Extracurricular	190,001	186,888	3,113
	<u>1,108,879</u>	<u>1,076,925</u>	<u>31,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(233,928)</u>	<u>(190,713)</u>	<u>43,215</u>
Other Financing Sources (Uses)			
Operating Transfers-In	30,000	30,000	-
Refund of Prior Years' Expenditures	260	260	-
	<u>30,260</u>	<u>30,260</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(203,668)</u>	<u>(160,453)</u>	<u>43,215</u>
Fund Balance at Beginning of Fiscal Year	<u>241,589</u>	<u>241,589</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 37,921</u>	<u>\$ 81,136</u>	<u>\$ 43,215</u>

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

North Royalton City School District
 Cuyahoga County
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Budget Basis)
 All Governmental Fund Types - continued

Debt Service Fund

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 2,595,247	\$ 2,584,334	\$ (10,913)
Intergovernmental	316,573	329,849	13,276
Total Revenues	<u>2,911,820</u>	<u>2,914,183</u>	<u>2,363</u>
Expenditures			
Debt Service:			
Principal	1,310,000	1,310,000	-
Interest and Fiscal Charges	1,453,810	1,454,050	(240)
Total Expenditures	<u>2,763,810</u>	<u>2,764,050</u>	<u>(240)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	148,010	150,133	\$ 2,123
 Fund Balance at Beginning of Fiscal Year	 <u>1,364,451</u>	 <u>1,364,451</u>	 <u>-</u>
 Fund Balance at End of Fiscal Year	 <u><u>\$ 1,512,461</u></u>	 <u><u>\$ 1,514,584</u></u>	 <u><u>\$ 2,123</u></u>

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

North Royalton City School District
Cuyahoga County
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budget Basis)
All Governmental Fund Types - continued
Capital Projects Funds

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 568,195	\$ 568,861	\$ 666
Earnings on Investments	30,110	32,432	2,322
Intergovernmental	194,706	194,791	85
Other	<u>82,503</u>	<u>82,503</u>	<u>-</u>
Total Revenues	<u>875,514</u>	<u>878,587</u>	<u>3,073</u>
Expenditures			
Current:			
Regular Instruction	746,072	573,614	172,458
Special Instruction	13,209	13,209	-
Support Services:			
Administration	6,425	7,549	(1,124)
Plant Operation and Maintenance	92,090	93,592	(1,502)
Pupil Transportation	148,051	216,131	(68,080)
Capital Outlay	<u>890,856</u>	<u>726,409</u>	<u>164,447</u>
Total Expenditures	<u>1,896,703</u>	<u>1,630,504</u>	<u>266,199</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,021,189)</u>	<u>(751,917)</u>	<u>269,272</u>
Other Financing Sources (Uses)			
Advances - In	160,000	160,000	-
Refund of Prior Years' Expenditures	<u>57,387</u>	<u>58,267</u>	<u>880</u>
Total Other Financing Sources (Uses)	<u>217,387</u>	<u>218,267</u>	<u>880</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(803,802)</u>	<u>(533,650)</u>	<u>270,152</u>
Fund Balance at Beginning of Fiscal Year	<u>836,307</u>	<u>836,307</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 32,505</u></u>	<u><u>\$ 302,657</u></u>	<u><u>\$ 270,152</u></u>

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

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	<u>Proprietary Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues			
Tuition	\$ 58,182	\$ -	\$ 58,182
Food Services	834,872	-	834,872
Classroom Materials and Fees	17,136	-	17,136
Self-Insurance Premiums	-	2,048,550	2,048,550
User Charges	315,891	-	315,891
Other	5,150	-	5,150
Total Operating Revenues	<u>1,231,231</u>	<u>2,048,550</u>	<u>3,279,781</u>
Operating Expenses			
Salaries	385,871	122,728	508,599
Fringe Benefits and Insurance	107,737	1,997,976	2,105,713
Purchased Services	330,945	-	330,945
Supplies and Materials	507,875	-	507,875
Other	19,355	-	19,355
Depreciation	22,352	-	22,352
Total Operating Expenses	<u>1,374,135</u>	<u>2,120,704</u>	<u>3,494,839</u>
Operating Income (Loss)	<u>(142,904)</u>	<u>(72,154)</u>	<u>(215,058)</u>
Non-Operating Revenues			
Intergovernmental	89,966	-	89,966
Donated Commodities	36,414	-	36,414
Earnings on Investments	11,641	-	11,641
Total Non-Operating Revenues	<u>138,021</u>	<u>-</u>	<u>138,021</u>
Income (Loss) Before Operating Transfers	<u>(4,883)</u>	<u>(72,154)</u>	<u>(77,037)</u>
Operating Transfers			
Operating Transfers-In	1,000	-	1,000
Net (Loss)	<u>(3,883)</u>	<u>(72,154)</u>	<u>(76,037)</u>
Add Depreciation on Fixed Assets Acquired by Contributed Capital	7,451	-	7,451
Net Increase (Decrease) in Retained Earnings	<u>3,568</u>	<u>(72,154)</u>	<u>(68,586)</u>
Retained Earnings at Beginning of Fiscal Year	<u>244,366</u>	<u>(22,682)</u>	<u>221,684</u>
Retained Earnings at End of Fiscal Year	<u>\$ 247,934</u>	<u>\$ (94,836)</u>	<u>\$ 153,098</u>

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

North Royalton City School District
Cuyahoga County

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

All Proprietary Fund Types
Enterprise Funds

For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Food Services	\$ 828,393	\$ 835,991	\$ 7,598
Tuition	18,173	58,182	40,009
Classroom Materials and Fees	17,136	17,136	-
User Charges	345,000	315,891	(29,109)
Other	5,150	5,150	-
Total Operating Revenues	1,213,852	1,232,350	18,498
Operating Expenses			
Salaries	408,239	385,795	22,444
Fringe Benefits and Insurance	111,611	110,071	1,540
Purchased Services	324,350	337,336	(12,986)
Supplies and Materials	491,310	485,481	5,829
New Equipment	53,030	52,509	521
Replacement Equipment	-	443	(443)
Other	3,030	-	3,030
Total Operating Expenses	1,391,570	1,371,635	19,935
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	(177,718)	(139,285)	38,433
Non-Operating Revenues			
Intergovernmental	89,966	89,966	-
Earnings on Investments	11,641	11,641	-
Total Non-Operating Revenues	101,607	101,607	-
Excess (Deficiency) of Revenues Over (Under) Expenses Before Operating Transfers and Advances	(76,111)	(37,678)	38,433
Operating Transfers - In	1,000	1,000	-
Advances - In	650	650	-
Advances - Out	(650)	(650)	-
Excess (Deficiency) of Operating Revenues Over (Under) Expenses, Operating Transfers and Advances	(75,111)	(36,678)	38,433
Fund Equity at Beginning of Fiscal Year	256,622	256,622	-
Fund Equity at End of Fiscal Year	\$ 181,511	\$ 219,944	\$ 38,433

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

North Royalton City School District
Cuyahoga County

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

All Proprietary Fund Types - continued
Internal Service Funds

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Self-Insurance Premiums	\$ 2,050,000	\$ 2,048,550	\$ (1,450)
Total Operating Revenues	<u>2,050,000</u>	<u>2,048,550</u>	<u>(1,450)</u>
 Operating Expenses			
Salaries	32,247	86,197	(53,950)
Fringe Benefits and Insurance	<u>2,017,753</u>	<u>1,988,255</u>	<u>29,498</u>
Total Operating Expenses	<u>2,050,000</u>	<u>2,074,452</u>	<u>(24,452)</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	-	(25,902)	(25,902)
 Fund Equity at Beginning of Fiscal Year	<u>223,370</u>	<u>223,370</u>	<u>-</u>
 Fund Equity at End of Fiscal Year	<u>\$ 223,370</u>	<u>\$ 197,468</u>	<u>\$ (25,902)</u>

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

North Royalton City School District
Cuyahoga County
Combined Statement of Cash Flows
All Proprietary Fund Types

For the Fiscal Year Ended June 30, 1999

	<u>Proprietary Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ (142,904)	\$ (72,154)	\$ (215,058)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation	22,352	-	22,352
Donated Commodities Used	36,414	-	36,414
(Increase) Decrease in Operating Assets:			
Accounts Receivable	1,119	-	1,119
Inventories	154	-	154
Increase (Decrease) in Operating Liabilities:			
Accounts and Contracts Payable	(20,884)	10,605	(10,279)
Accrued Wages and Benefits Payable	(2,258)	-	(2,258)
Intergovernmental	14,074	-	14,074
Insurance Benefits Payable	-	35,647	35,647
Deferred Revenue	(13,725)	-	(13,725)
Total Adjustments	<u>37,246</u>	<u>46,252</u>	<u>83,498</u>
Net Cash Provided By (Used In) Operating Activities	<u>(105,658)</u>	<u>(25,902)</u>	<u>(131,560)</u>
Cash Flows from Non-Capital Financing Activities			
Non-Operating Grants	89,966	-	89,966
Transfers-In	1,000	-	1,000
Net Cash Provided By Non-Capital Financing Activities	<u>90,966</u>	<u>-</u>	<u>90,966</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Fixed Assets	<u>(33,597)</u>	<u>-</u>	<u>(33,597)</u>
Cash Flows from Investing Activities			
Earnings on Investments	<u>11,641</u>	<u>-</u>	<u>11,641</u>
Net (Decrease) in Cash and Cash Equivalents	<u>(36,648)</u>	<u>(25,902)</u>	<u>(62,550)</u>
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>256,621</u>	<u>223,370</u>	<u>479,991</u>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 219,973</u>	<u>\$ 197,468</u>	<u>\$ 417,441</u>

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Description of the District

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

The District operates three elementary schools, a middle school, and a high school. The average daily membership as of October 31, 1998 was 4,246. The District employed 260 certified and 209 non-certified employees.

2. The Reporting Entity

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. The Reporting Entity (continued)

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

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

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

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

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

2. The Reporting Entity (continued)

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

Jointly Governed Organizations:

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

Public Entity Risk Pool:

Ohio School Boards Association Workers'
Compensation Group Rating Program

3. Basis of Presentation – Fund Accounting

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

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

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

3. Basis of Presentation - Fund Accounting (continued)

Governmental Fund Types

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

3. Basis of Presentation - Fund Accounting (continued)

Proprietary Fund Types

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

Enterprise Funds

Enterprise Funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the 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.

Internal Service Fund

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

Fiduciary Fund Type

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

Agency Funds

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

3. Basis of Presentation - Fund Accounting (continued)

Account Groups

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

4. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Fund Types are accounted for on a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

Proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet.

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

4. Measurement Focus and Basis of Accounting (continued)

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

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, which are intended to finance fiscal year 2000 operations, and delinquent property taxes, whose availability is indeterminable, have been recorded as deferred revenue.

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

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. Budgetary Process

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

Tax Budget

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

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. Budgetary Process (continued)

Estimated Resources

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

Appropriations

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

Encumbrances

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. Budgetary Process (continued)

Lapsing of Appropriations

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

Budgetary Accounting

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

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

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. *Budgetary Process (continued)*

Budgetary Accounting (continued)

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

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

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis	\$1,953,990	\$ (6,843)	\$269,883	\$(249,667)
Net adjustments for revenue accruals	(999,980)	-	(119,750)	29,561
Advances In	650	-	-	160,000
Net adjustments for expenditure accruals	(802,899)	(316,779)	-	(747,829)
Encumbrances	154,405	163,169	-	274,285
Advances Out	(160,650)	-	-	-
Budget Basis	\$145,516	\$(160,453)	\$150,133	\$(533,650)

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. Budgetary Process (continued)

Net Loss/Excess of Revenues Over (Under) Expenses,
Operating Transfers, and Advances - Proprietary Fund Types

	Enterprise Funds	Internal Service Funds
GAAP Basis	\$(3,883)	\$(72,154)
Net adjustment for revenue accruals	(35,295)	-
Advances in	650	-
Net adjustment for expenditure accruals	(19,852)	46,223
Depreciation expense	22,352	-
Encumbrances	-	29
Advances out	(650)	-
	\$(36,678)	\$(25,902)
Budget Basis		

6. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled. Amounts for all funds, including proprietary funds, are maintained in a central bank account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pooled account is presented as "equity in pooled cash and cash equivalents" on the Combined Balance Sheet. During fiscal year 1999, investments were limited to nonnegotiable certificates of deposit, money market funds, U.S. Government and Federal Agency Bonds, STAROhio, and repurchase agreements. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

6. Cash and Cash Equivalents (continued)

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a 7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999. Under existing Ohio statutes, the Board of Education may, by resolution, identify the funds to receive an allocation of interest earnings. During 1999, the District elected to distribute interest to the general fund, auxiliary services special revenue fund, building capital projects fund, and lunchroom/cafeteria enterprise fund. Interest income earned for the year ended June 30, 1999 totaled \$338,087.

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

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

7. Materials and Supplies Inventory

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

8. Fixed Assets and Depreciation

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

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

9. Compensated Absences

In conformity with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, the District accrues vacation and sick pay related severance benefits as earned by its employees. For Governmental Fund Types, the liability not currently due and payable at June 30, 1999 is recorded in the General Long-Term Obligations Account Group as part of accrued wages and benefits. For Proprietary Fund Types, the entire liability for compensated absences is reported as a fund liability. The District uses the vesting method to calculate compensated absences.

Vacation Pay

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

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

Included in the accrual for wages and benefits at June 30, 1999 is a vacation leave liability of \$85,421 in the General Long-Term Obligations Account Group.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

9. Compensated Absences (continued)

Sick Leave

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one-fourth (1-1/4) days for each calendar month under contract. Upon retirement, as described below, an employee is paid a severance benefit limited to 25% of the accumulated sick leave to a maximum pay out of fifty-five days for certified employees and 30% of accumulated sick leave to a maximum pay out of seventy-two days for classified employees.

Employees meet the eligibility requirements for retirement with either (a) twenty-five years of service and age 55 or over, (b) five years of service and age 60 or over, or (c) any age with thirty years of service. Included in the accrual for wages and benefits at June 30, 1999 is a \$29,526 fund liability of the Enterprise Fund and a \$1,745,835 liability in the General Long-Term Obligations Account Group for sick pay-related severance benefits.

10. Long-Term Obligations

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

11. Fund Balance Reserves

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

12. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated.

13. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B: Special Education:

Assistance to States for Education of Handicapped Children Fund

Eisenhower

Drug Free

Pre-School Grant

Educational Management Information System

Auxiliary Services (NPSS) Fund

Immigration Education

Instructional Material Subsidy

Model Project for Gifted Education

Title VI

Pre-School Handicap

Professional Development

PEER Assistance

Capital Projects Funds

Schoolnet Plus (N-S)

Reimbursable Funds

National School Lunch Program

Government Donated Commodities

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Intergovernmental Revenues (continued)

Grants and entitlements received in governmental funds amounted to approximately 24.6% of governmental fund revenue during the 1999 fiscal year.

14. Interfund Transactions

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

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

15. Estimates

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

16. Memorandum Only - Total Columns

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE B - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

1. Legal Requirements

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

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

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

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

Interim monies may be invested in the following securities:

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

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

1. Legal Requirements (continued)

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasurer's investment pool (STAROhio);
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

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

1. Legal Requirements (continued)

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

2. Deposits

At June 30, 1999, the carrying amount of the District's deposits was \$100,530 and the bank balance was \$343,626. Of the total bank balance, \$100,000 was covered by Federal depository insurance and \$243,626 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

3. Investments

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

Investments at June 30, 1999 consisted of the following:

	Category 3	Reported Amount	Fair Value
U.S. Government securities	\$1,840,624	\$1,840,624	\$1,840,624
Investment in state treasurer's investment pool	-	2,279,263	2,279,263
	\$1,840,624	\$4,119,887	\$4,119,887

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

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

3. *Investments (continued)*

At June 30, 1999, the carrying value of the District's deposits and investments, classified in accordance with GASB Statement No. 3, are as follows:

Deposits	\$ 100,530
Investments	<u>4,119,887</u>
	<u>\$4,220,417</u>

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

Equity in Pooled Cash and Cash Equivalents	\$3,835,080
Cash in Segregated Accounts	39,362
Restricted Assets - Equity in Pooled Cash and Cash Equivalents	<u>345,975</u>
	<u>\$4,220,417</u>

NOTE C - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1996. Public utility property taxes are assessed on tangible personal property at 88% of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE C - PROPERTY TAXES - CONTINUED

Since property taxes are assessed and levied on a calendar year basis, the District receives property taxes from two taxing years during the District's fiscal year. The assessed values upon which the fiscal year 1999 taxes were collected are as follows:

	1999	1998
Real Property		
Residential/Agricultural	\$506,178,520	\$477,937,360
Commercial/Industrial	99,080,010	91,951,740
Tangible Personal Property		
General	21,230,513	21,442,254
Public Utilities	31,814,060	31,264,190
Total Valuation	\$658,303,103	\$622,595,544

The full tax rate applied to real property for the 1999 collection year was \$61.40 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$36.30 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$36.30 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE C - PROPERTY TAXES - CONTINUED

The Cuyahoga County Treasurer collects property tax on behalf of all taxing districts within the county. The Cuyahoga County Auditor periodically remits to the taxing districts their portions of the taxes collected. Second-half real property tax payments collected by the county by June 30, 1999 are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes, and real property, tangible personal property, and public utility tangible taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for the portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$2,488,552 for the General Fund, \$335,293 for the Debt Service Fund and \$78,067 for the Capital Projects Fund.

NOTE D - RECEIVABLES

Receivables at June 30, 1999, consisted of taxes, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE E - FIXED ASSETS

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

	Balance June 30, 1998	Additions	Reductions	Balance June 30, 1999
Land	\$ 478,111	\$ -	\$ -	\$ 478,111
Buildings and improvements	39,323,544	195,348	-	39,518,892
Furniture, fixtures and equipment	4,985,657	382,168	62,835	5,304,990
Textbooks and library books	1,603,812	206,755	1,525	1,809,042
	<u>\$46,391,124</u>	<u>\$784,271</u>	<u>\$64,360</u>	<u>\$47,111,035</u>

The following is a summary of the Enterprise Funds' fixed assets at June 30, 1999:

Furniture and equipment	\$ 544,509
Less accumulated depreciation	(201,714)
Net fixed assets	<u>\$ 342,795</u>

NOTE F - CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 1999 are as follows:

	<u>Lunchroom/Cafeteria Fund</u>
Contributed capital on July 1, 1998	\$277,310
Less depreciation expense charge to contributed capital	7,451
Contributed capital on June 30, 1999	<u>\$269,859</u>

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE G - LONG-TERM OBLIGATIONS

The changes in the District's general long-term obligations during the year ended June 30, 1999 are as follows:

	Balance at June 30, 1998	Additions	Reductions	Balance at June 30, 1999
General Obligation Bonds				
School Improvement Bonds, Series 1977, September 1, 1977, 6-1/2% interest rate, maturing December 1998	\$ 135,000	\$ -	\$ 135,000	\$ -
School Improvement Bonds, Series 1993, June 16, 1993, 5.65% interest rate maturing December 2008	4,719,994	-	500,000	4,219,994
School Improvement Bonds Series 1994, July 1, 1994, 6.10% interest rate maturing December 2019	22,725,715	-	675,000	22,050,715
Accrued Wages and Benefits	2,385,478	-	90,907	2,294,571
Grand Total	\$29,966,187	\$ -	\$1,400,907	\$28,565,280

The District's voted legal debt margin for general obligation bonds was \$32,976,570 with an unvoted legal debt margin of \$658,303 at June 30, 1999.

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE G - LONG-TERM OBLIGATIONS -- CONTINUED

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

For the Years Ending June 30	Principal	Interest	Total
2000	\$ 1,235,000	\$ 1,393,131	\$ 2,628,131
2001	1,295,000	1,332,570	2,627,570
2002	1,027,931	1,602,965	2,630,896
2003	1,055,655	1,573,361	2,629,016
2004	1,086,057	1,542,874	2,628,931
2005	1,116,961	1,508,590	2,625,551
2006	1,153,390	1,465,337	2,618,727
2007	1,675,000	1,004,611	2,679,611
2008	981,594	1,661,350	2,642,944
2009	973,984	1,644,692	2,618,676
2010	245,137	1,648,623	1,893,760
2011	1,095,000	840,910	1,935,910
2012	1,160,000	773,260	1,933,260
2013	1,230,000	701,560	1,931,560
2014	1,300,000	625,660	1,925,660
2015	1,380,000	545,260	1,925,260
2016	1,465,000	459,178	1,924,178
2017	1,550,000	367,220	1,917,220
2018	1,645,000	269,773	1,914,773
2019	1,745,000	166,378	1,911,378
2020	1,855,000	56,578	1,911,578
Total	<u>\$26,270,709</u>	<u>\$21,183,881</u>	<u>\$47,454,590</u>

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

In 1993, the District defeased a 1988 building improvement bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 1999, \$4,219,994 of bonds outstanding were considered defeased.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE H - SEGMENT INFORMATION - ENTERPRISE FUNDS

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

	Lunchroom/ Cafeteria	Uniform School Supplies	Rotary	After School Care Program	TOTAL
Operating revenues	\$834,872	\$ -	\$80,468	\$ 315,891	\$1,231,231
Operating expenses before depreciation	934,634	6,649	67,072	343,428	1,351,783
Depreciation expense	22,352	-	-	-	22,352
Operating income (loss)	(122,114)	(6,649)	13,396	(27,537)	(142,904)
Operating transfers in	-	-	1,000	-	1,000
Intergovernmental	89,966	-	-	-	89,966
Donated commodities	36,414	-	-	-	36,414
Earnings on investments	11,641	-	-	-	11,641
Net income (loss)	15,907	(6,649)	14,396	(27,537)	(3,883)
Fixed assets - net	342,795	-	-	-	342,795
Fixed asset additions	33,597	-	-	-	33,597
Total assets	506,723	-	50,524	34,856	592,103
Net working capital	163,037	-	50,524	18,188	231,749
Total equity	449,081	-	50,524	18,188	517,793
Encumbrances	-	-	29	-	29

NOTE I - ACCOUNTABILITY AND COMPLIANCE

1. Deficit Fund Balances

Fund balances at June 30, 1999 included the following individual fund deficits:

<u>Internal Service Fund</u>	
Employee Benefits Self Insurance	
Fund	<u>\$94,836</u>

The deficit primarily resulted from adjustments made for accounts, contracts and insurance benefits payable.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE I - ACCOUNTABILITY AND COMPLIANCE - Continued

2. Legal Compliance

Contrary to Ohio Revised Code Section 5705.41 (B) and (D), expenditures plus encumbrances exceeded appropriations at the legal level of control as follows:

<u>General Fund Class</u>	
General Fund	
Instruction	
Regular	
Fringe Benefits	\$4,766
Special	
Salaries	\$1,844
Support Services	
Pupil Services	
Salaries	\$1,124
Administration	
Salaries	\$5,152
Fringe Benefits	\$30
Other	\$1,270
Pupil Transportation	
Purchased Services	\$1,185
Extracurricular	
Fringe Benefits	\$909
<u>Enterprise Fund Class</u>	
After School Care	\$ 9,285
<u>Debt Service Fund Class</u>	
Debt Service	\$240
<u>Internal Service Fund Class</u>	
Employee Benefits Self Insurance	\$24,452

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE J- PENSION AND RETIREMENT PLANS

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

School Employees Retirement System

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

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. For certain employees, the District pays the 9% member contribution as an employee benefit. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions to SERS for the years ended June 30, 1999, 1998 and 1997 were \$584,336, \$518,564 and \$472,026, respectively, equal to the required contributions for each year. The amount representing the unpaid contribution for fiscal year 1999, \$314,082, is recorded as a liability within the respective funds and the general long-term debt account group.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE J - PENSION AND RETIREMENT PLANS - CONTINUED

State Teachers Retirement System

All full-time certified District employees participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%, an actuarially determined rate. Of the 14% District portion, 6 percent was the portion used to fund pension obligations. For fiscal year 1998 the portion used to fund pension obligations was 10.5 percent. For certain employees, the District pays the 9.3% member contribution as an employee benefit. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions for pension obligations to STRS for the years ended June 30 1999, 1998 and 1997 were \$1,865,332, \$1,759,390 and \$1,592,563 respectively, equal to the required contributions for each year. The amount representing the unpaid contribution for fiscal year 1999, \$333,160, is recorded as a liability within the respective funds and the general long-term debt account group.

NOTE K - POSTEMPLOYMENT BENEFITS

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE K - POSTEMPLOYMENT BENEFITS - CONTINUED

School Employees Retirement System

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium. For this fiscal year, employer contributions to fund health care benefits were 6.30% of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for the partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the District, the amount to fund health care benefits, including the surcharge equaled approximately \$263,000 during the 1999 fiscal year.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 (the latest information available) were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

State Teachers Retirement System

The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the overall employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the District, this amount equaled \$1,065,904 for fiscal year 1999. The balance in the Health Care Reserve Fund was \$2,156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE L - RISK MANAGEMENT

1. Insurance

The District has a comprehensive property and casualty policy with Crum & Forster Insurance which includes boiler coverage. The deductible is \$1,000 per incident. All vehicles are insured with Nationwide Insurance Company and have a \$250 deductible. All Board members, administrators, and employees are covered under a District liability policy with Nationwide Insurance Company. The limits of this coverage are \$1,000,000 per occurrence and \$5,000,000 aggregate. Also, the District has a commercial umbrella liability policy of \$1,000,000 with Nationwide Insurance Company and a commercial crime policy with Westfield Companies. Due to the middle school construction project, the District purchased builder's risk insurance from the Great American Insurance Company. Settled claims have not exceeded this commercial coverage in any of the past four years. There has not been a significant reduction in coverage from the prior year.

2. Bonding

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

3. Workers' Compensation

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

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE L - RISK MANAGEMENT - CONTINUED

4. Employee Medical Benefits

The District provides medical/surgical, vision, and dental benefits for its employees and their covered dependents and life insurance for full-time employees through its self-insurance fund. The life, dental and a portion of the health insurance coverage is provided through insurance contracts. The remaining coverage is self insured. For the self insured portion, third party administrators review and pay all claims on behalf of the District. Over 50% of covered employees are in a preferred provider medical plan with no annual deductible. The remaining covered employees are in a traditional medical plan with a \$100-per-year individual deductible and a \$200-per-year family deductible. The dental plan has a \$25-per-year individual deductible and a \$50-per-year family deductible. An excess coverage insurance (stop loss) policy covers claims in excess of \$50,000 per employee and an aggregate of \$1,691,949.

The claims liability of \$281,699 reported in the fund at June 30, 1999 is based on the requirements of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in fiscal 1998 and 1999 were as follows:

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$246,052	\$1,997,976	\$1,962,329	\$281,699
1998	\$238,763	\$1,796,533	\$1,789,244	\$246,052

The balance available in the fund to pay the cost of future claims was \$197,468 and \$223,370 at June 30, 1999 and 1998, respectively.

NOTE M - CONTINGENCIES

1. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE M - CONTINGENCIES - CONTINUED

2. Litigation

As of June 30, 1999, the District was a party to various legal proceedings, seeking damages or injunctive relief arising in the ordinary course of business. The ultimate disposition of these proceedings is not presently determinable. The District carries adequate insurance coverage for most risks including property damage and personal liability and the District's management does not believe that any potential claims not covered by such insurance would have a material effect on the financial condition of the District.

NOTE N - SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$4,291,543 of school foundation support in total (all funds).

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not yet rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, Districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future state funding under this program and on its financial operations.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE O - JOINTLY GOVERNED ORGANIZATIONS

1. Ohio Schools Council

The Ohio Schools Council (the "Council") is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 1999, the District paid \$700 to the Council. Financial information can be obtained by contacting Joseph Lesak, the Executive Secretary of the Ohio Schools Council at 155 Center Road, Bedford, Ohio 44146.

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

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

2. Lakeshore Northeast Ohio Computer Association

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

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE O - JOINTLY GOVERNED ORGANIZATIONS - CONTINUED

3. Cuyahoga Valley Career Center

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

NOTE P - YEAR 2000 ISSUE

The Year 2000 (Y2K) issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the North Royalton City Schools' operations.

North Royalton City School District has completed an assessment of computer systems and other equipment considered to be "mission critical" systems for conducting District operations.

The District uses the State of Ohio Uniform Accounting System software for its financial reporting and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems. The District has been notified that as of September 1998 these systems are validated and tested and will be compliant with the Year 2000.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE P - YEAR 2000 ISSUE - CONTINUED

The Northwest Ohio Computer Association, State Software Development Team states,

“The payroll processing software supported with the OECN State Software is compliant with the Year 2000, beginning with the September 1997 release of USPS V4.0.

The accounting software supported with the OECN State Software will be compliant with the Year 2000, beginning with the June 1998 release of USAS V6.1.

The equipment inventory and vehicle inventory system software supported with OECN State Software will be compliant with the Year 2000, beginning with the December 1998 release of SAAS V2.0. The education management information system software supported with the OECN State Software will be compliant with the Year 2000, beginning with the September 1998 release of EMIS V1.7.”

The State of Ohio distributes over 15% of the District's operating monies in the form of “Foundation” and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through their Education Management and Information System (EMIS). The State is responsible for remediating these systems.

Local property taxes provide approximately 85% of the District's operating monies. Tax collection for the District is handled by Cuyahoga County. The County is responsible for remediating this system and is solely responsible for any costs associated with this project.

The District has five school buildings with power systems which have extensive efficiency utilization measures within the systems. In early 1998, the District contracted with The Brewer-Garrett Company (the “Company”) to perform a series of energy conservation projects that fall under the umbrella of House Bill 264. These projects involved replacement of boilers and energy management systems in the high school and three elementary schools. As part of the contract, the Company reviewed and assessed the Year 2000 compatibility of the systems within those buildings. The Company believes the mechanical and controls systems upgrades implemented by the Company are Year 2000 compliant. The building power system at the middle school, which was completed in 1996, is also believed to be Year 2000 compliant.

Utility services to the District (electric, gas, water and sewer) are vendor provided. These vendors are responsible for remediating these systems and any costs associated. The District has obtained assurances from these vendors regarding Year 2000 compliance.

NORTH ROYALTON CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 1999

NOTE P - YEAR 2000 ISSUE - CONTINUED

Because of the unprecedented nature of the Year 2000 issue, its effects, and the success of related remediation, efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the North Royalton City School District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

NOTE Q - STATUTORY RESERVES

Substitute House Bill 412, as amended, required the District to "set-aside" certain percentages of defined revenues for (1) textbooks and instructional material purchases, (2) capital and maintenance expenditures, and (3) to establish a budget reserve. It also required five-year budget projections, amended the Fiscal Watch and Fiscal Emergency Statutes, created a State School District Solvency Fund, and amended "spending reserve" provisions. During the fiscal year ended June 30, 1999, the reserve activity (cash basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-Aside Cash Balance July 1, 1998	\$ -	\$ -	\$ 139,955	\$ 139,955
Required Set-Aside	412,040	412,040	206,020	1,030,100
Offset Credits	-	(642,285)	-	(642,285)
Qualifying Disbursements	(422,743)	-	-	(422,743)
Total	\$ (10,703)	\$ (230,245)	\$ 345,975	\$ 105,027
Cash Balance Carried Forward to FY 2000	\$ -	\$ -	\$ 345,975	\$ 345,975

Although the District had offsets and qualifying expenditures during the fiscal year that reduced the set-aside below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

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

General Fund

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

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

For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 19,048,568	\$ 19,048,568	\$ -
Tuition	47,180	47,180	-
Earnings on Investments	280,150	287,901	7,751
Classroom Materials and Fees	110,361	110,366	5
Intergovernmental	6,793,948	6,661,883	(132,065)
Other	107,478	109,407	1,929
	Total Revenues	26,265,305	(122,380)
Expenditures			
Current:			
Instruction:			
Regular Instruction			
Salaries	9,650,000	9,573,073	76,927
Fringe Benefits	2,811,500	2,816,266	(4,766)
Purchased Services	52,690	23,381	29,309
Supplies and Materials	484,988	371,200	113,788
New Equipment	48,000	45,000	3,000
Total	13,047,178	12,828,920	218,258
Special Instruction			
Salaries	1,090,000	1,091,844	(1,844)
Fringe Benefits	293,500	292,895	605
Purchased Services	60,326	45,902	14,424
Supplies and Materials	10,832	6,017	4,815
New Equipment	4,000	3,870	130
Total	1,458,658	1,440,528	18,130
Vocational, Adult and Other Instruction			
Salaries	133,000	132,868	132
Fringe Benefits	37,500	37,279	221
Purchased Services	603,481	564,057	39,424
Supplies and Materials	1,000	308	692
Total	774,981	734,512	40,469
Total Instruction	15,280,817	15,003,960	276,857

North Royalton City School District
Cuyahoga County
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
General Fund - Continued
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Support Services:			
Pupil Services			
Salaries	\$ 940,000	\$ 941,124	\$ (1,124)
Fringe Benefits	276,500	276,137	363
Purchased Services	179,986	178,611	1,375
Supplies and Materials	53,711	47,388	6,323
Total	1,450,197	1,443,260	6,937
Instructional Staff			
Salaries	1,009,000	988,443	20,557
Fringe Benefits	302,000	293,023	8,977
Purchased Services	17,014	15,035	1,979
Supplies and Materials	57,272	54,287	2,985
New Equipment	6,000	5,791	209
Total	1,391,286	1,356,579	34,707
Board of Education			
Salaries	6,000	6,000	-
Fringe Benefits	335	161	174
Purchased Services	5,400	3,550	1,850
Supplies and Materials	1,000	370	630
New Equipment	3,500	3,404	96
Total	16,235	13,485	2,750
Administration			
Salaries	1,344,000	1,349,152	(5,152)
Fringe Benefits	487,500	487,530	(30)
Purchased Services	315,830	314,367	1,463
Supplies and Materials	164,668	122,493	42,175
New Equipment	7,500	7,406	94
Other	1,300	2,570	(1,270)
Total	2,320,798	2,283,518	37,280
Business and Fiscal Services			
Salaries	385,000	383,311	1,689
Fringe Benefits	157,000	149,735	7,265
Purchased Services	24,210	17,084	7,126
Supplies and Materials	8,000	5,920	2,080
Other	350,900	323,141	27,759
Total	925,110	879,191	45,919

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Plant Operation and Maintenance			
Salaries	\$ 1,200,000	\$ 1,152,908	\$ 47,092
Fringe Benefits	377,000	348,523	28,477
Purchased Services	801,070	747,915	53,155
Supplies and Materials	314,256	289,937	24,319
Other	3,100	3,030	70
Total	<u>2,695,426</u>	<u>2,542,313</u>	<u>153,113</u>
Pupil Transportation			
Salaries	890,000	882,944	7,056
Fringe Benefits	287,000	268,429	18,571
Purchased Services	325,000	326,185	(1,185)
Supplies and Materials	300,112	293,536	6,576
New Equipment	75,000	55,268	19,732
Total	<u>1,877,112</u>	<u>1,826,362</u>	<u>50,750</u>
Central			
Purchased Services	88,000	86,761	1,239
Supplies and Materials	11,000	6,979	4,021
Total	<u>99,000</u>	<u>93,740</u>	<u>5,260</u>
Community Services			
Salaries	25,000	24,773	227
Fringe Benefits	12,000	11,167	833
Purchased Services	35,201	29,814	5,387
Supplies and Materials	1,000	445	555
Total	<u>73,201</u>	<u>66,199</u>	<u>7,002</u>
Extracurricular			
Salaries	450,000	409,748	40,252
Fringe Benefits	3,600	4,509	(909)
Purchased Services	22,000	18,705	3,295
Total	<u>475,600</u>	<u>432,962</u>	<u>42,638</u>
Total Expenditures	<u>26,604,782</u>	<u>25,941,569</u>	<u>663,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(217,097)</u>	<u>323,736</u>	<u>540,833</u>

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other Financing Sources (Uses)			
Operating Transfers-In	\$ 206,100	\$ 206,100	\$ -
Operating Transfers-Out	(237,100)	(237,100)	-
Advances - In	650	650	-
Advances - Out	(160,650)	(160,650)	-
Refund of Prior Years' Expenditures	231	231	-
Other Sources	12,549	12,549	-
Total Other Financing Sources (Uses)	<u>(178,220)</u>	<u>(178,220)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(395,317)	145,516	540,833
Fund Balance at Beginning of Fiscal Year	<u>913,011</u>	<u>913,011</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 517,694</u>	<u>\$ 1,058,527</u>	<u>\$ 540,833</u>

Special Revenue Funds

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

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

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

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

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

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

Model Project for Gifted Education Fund – This fund accounts for research and demonstration projects pertaining to gifted pupils.

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

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

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

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

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

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

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

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

North Royalton City School District
Cuyahoga County

Combining Balance Sheet
All Special Revenue Funds

June 30, 1999

	Local Grants	Athletics	Auxilliary Services	Professional Development Grant	Peer Assistance Grant
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 10,800	\$ 35,379	\$ 89,505	\$ 16,247	\$ 17,468
Total Assets	\$ 10,800	\$ 35,379	\$ 89,505	\$ 16,247	\$ 17,468
 LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts and Contracts Payable	\$ -	\$ 3,921	\$ 21,548	\$ -	\$ 9,262
Intergovernmental Payable	-	2,890	-	-	-
Total Liabilities	-	6,811	21,548	-	9,262
 Fund Equity:					
Fund Balances (Deficits):					
Reserved for Encumbrances	-	3,381	57,212	1,270	2,388
Unreserved, Undesignated	10,800	25,187	10,745	14,977	5,818
Total Fund Equity	10,800	28,568	67,957	16,247	8,206
Total Liabilities and Fund Equity	\$ 10,800	\$ 35,379	\$ 89,505	\$ 16,247	\$ 17,468

<u>Model Project for Gifted Education</u>	<u>EMIS</u>	<u>Instructional Material Subsidy</u>	<u>Eisenhower Grant</u>	<u>Title VI-B Preschool Grant</u>	<u>Title VI</u>
\$ 3,102	\$ 1,946	\$ 44,585	\$ 6,182	\$ 3,583	\$ 9,302
<u>\$ 3,102</u>	<u>\$ 1,946</u>	<u>\$ 44,585</u>	<u>\$ 6,182</u>	<u>\$ 3,583</u>	<u>\$ 9,302</u>
\$ 461	\$ -	\$ 2,169	\$ -	\$ 84	\$ -
-	-	-	-	-	-
<u>461</u>	<u>-</u>	<u>2,169</u>	<u>-</u>	<u>84</u>	<u>-</u>
2,641	-	42,368	4,826	12	9,300
-	1,946	48	1,356	3,487	2
<u>2,641</u>	<u>1,946</u>	<u>42,416</u>	<u>6,182</u>	<u>3,499</u>	<u>9,302</u>
<u>\$ 3,102</u>	<u>\$ 1,946</u>	<u>\$ 44,585</u>	<u>\$ 6,182</u>	<u>\$ 3,583</u>	<u>\$ 9,302</u>

(continued)

**North Royalton City School District
Cuyahoga County**

Combining Balance Sheet
All Special Revenue Funds (continued)

June 30, 1999

	Immigration Education Grant	Drug-Free School	Preschool Handicapped	Totals
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 107	\$ 6,098	\$ 1	\$ 244,305
Total Assets	\$ 107	\$ 6,098	\$ 1	\$ 244,305
 LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts and Contracts Payable	\$ -	\$ 501	\$ -	\$ 37,946
Intergovernmental Payable	-	-	-	2,890
Total Liabilities	-	501	-	40,836
 Fund Equity:				
Fund Balances (Deficits):				
Reserved for Encumbrances	69	4,240	-	127,707
Unreserved, Undesignated	38	1,357	1	75,762
Total Fund Equity	107	5,597	1	203,469
Total Liabilities and Fund Equity	\$ 107	\$ 6,098	\$ 1	\$ 244,305

**North Royalton City School District
Cuyahoga County**

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

For the Fiscal Year Ended June 30, 1999

	<u>Local Grants</u>	<u>Athletics</u>	<u>Auxilliary Services</u>	<u>Professional Development Grant</u>	<u>Peer Assistance Grant</u>
Revenues					
Earnings on Investments	\$ -	\$ (87)	\$ 6,780	\$ -	\$ -
Extracurricular Activities	-	150,352	-	-	-
Intergovernmental	-	-	338,259	17,027	30,000
Refund of Prior Years' Expenditures	-	260	-	-	-
Other	12,322	12,746	-	-	15,021
Total Revenues	<u>12,322</u>	<u>163,271</u>	<u>345,039</u>	<u>17,027</u>	<u>45,021</u>
Expenditures					
Current:					
Regular and Special Instruction	1,522	-	-	-	36,815
Support Services:					
Pupil Services	-	-	-	-	-
Instructional Staff	-	-	-	-	-
Business and Fiscal Services	-	-	-	-	-
Community Services	-	-	343,225	27,130	-
Extracurricular	-	185,470	-	-	-
Total Expenditures	<u>1,522</u>	<u>185,470</u>	<u>343,225</u>	<u>27,130</u>	<u>36,815</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,800</u>	<u>(22,199)</u>	<u>1,814</u>	<u>(10,103)</u>	<u>8,206</u>
Other Financing Sources (Uses)					
Operating Transfers - In	-	30,000	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	10,800	7,801	1,814	(10,103)	8,206
Fund Balances at Beginning of Fiscal Year	-	20,767	66,143	26,350	-
Fund Balances at End of Fiscal Year	<u>\$ 10,800</u>	<u>\$ 28,568</u>	<u>\$ 67,957</u>	<u>\$ 16,247</u>	<u>\$ 8,206</u>

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	<u>Model Project for Gifted Education</u>	<u>EMIS</u>	<u>Instructional Material Subsidy</u>	<u>Eisenhower Grant</u>	<u>Title VI-B/ Preschool Grant</u>
Revenues					
Earnings on Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Extracurricular Activities	-	-	-	-	-
Intergovernmental	7,495	11,990	64,166	10,734	150,692
Refund of Prior Years' Expenditures	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>7,495</u>	<u>11,990</u>	<u>64,166</u>	<u>10,734</u>	<u>150,692</u>
Expenditures					
Current:					
Regular and Special Instruction	5,561	-	-	23,925	19,907
Support Services:					
Pupil Services	2,072	5,949	-	-	-
Instructional Staff	-	-	-	-	135,844
Business and Fiscal Services	-	7,074	-	-	-
Community Services	-	-	66,792	48	-
Extracurricular	-	-	-	-	-
Total Expenditures	<u>7,633</u>	<u>13,023</u>	<u>66,792</u>	<u>23,973</u>	<u>155,751</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(138)</u>	<u>(1,033)</u>	<u>(2,626)</u>	<u>(13,239)</u>	<u>(5,059)</u>
Other Financing Sources (Uses)					
Operating Transfers - In	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	<u>(138)</u>	<u>(1,033)</u>	<u>(2,626)</u>	<u>(13,239)</u>	<u>(5,059)</u>
Fund Balances at Beginning of Fiscal Year	<u>2,779</u>	<u>2,979</u>	<u>45,042</u>	<u>19,421</u>	<u>8,558</u>
Fund Balances at End of Fiscal Year	<u>\$ 2,641</u>	<u>\$ 1,946</u>	<u>\$ 42,416</u>	<u>\$ 6,182</u>	<u>\$ 3,499</u>

<u>Title VI</u>	<u>Immigration Education Grant</u>	<u>Drug-Free School</u>	<u>Preschool Handicapped</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,693
-	-	-	-	150,352
18,512	2,747	21,739	15,717	689,078
-	-	-	-	260
-	-	-	-	40,089
<u>18,512</u>	<u>2,747</u>	<u>21,739</u>	<u>15,717</u>	<u>886,472</u>
17,029	3,644	18,790	144	127,337
-	-	-	7,312	15,333
-	-	1,860	10,532	148,236
-	-	-	-	7,074
2,562	-	108	-	439,865
-	-	-	-	185,470
<u>19,591</u>	<u>3,644</u>	<u>20,758</u>	<u>17,988</u>	<u>923,315</u>
<u>(1,079)</u>	<u>(897)</u>	<u>981</u>	<u>(2,271)</u>	<u>(36,843)</u>
-	-	-	-	30,000
-	-	-	-	30,000
(1,079)	(897)	981	(2,271)	(6,843)
<u>10,381</u>	<u>1,004</u>	<u>4,616</u>	<u>2,272</u>	<u>210,312</u>
<u>\$ 9,302</u>	<u>\$ 107</u>	<u>\$ 5,597</u>	<u>\$ 1</u>	<u>\$ 203,469</u>

North Royalton City School District
Cuyaoga County

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Other	\$ 12,322	\$ 12,322	\$ -
Total Revenues	<u>12,322</u>	<u>12,322</u>	<u>-</u>
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Supplies and Materials	<u>1,522</u>	<u>1,522</u>	<u>-</u>
Total Expenditures	<u>1,522</u>	<u>1,522</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,800	10,800	-
Fund Balance at Beginning of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 10,800</u>	<u>\$ 10,800</u>	<u>\$ -</u>

**North Royalton City School District
Cuyahoga County**

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

For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Earnings on Investments	\$ (87)	\$ (87)	\$ -
Extracurricular Activities	140,581	150,352	9,771
Other	12,746	12,746	-
Total Revenues	153,240	163,011	9,771
Expenditures			
Current:			
Extracurricular:			
Purchased Services	43,504	37,305	6,199
Supplies and Material	42,514	41,985	529
New Equipment	22,443	23,347	(904)
Replacement Equipment	81,540	84,251	(2,711)
Total Expenditures	190,001	186,888	3,113
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,761)	(23,877)	12,884
Other Financing Sources (Uses)			
Operating Transfers-In	30,000	30,000	-
Refund of Prior Years' Expenditures	260	260	-
Other Financing Sources (Uses)	30,260	30,260	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,501)	6,383	12,884
Fund Balance at Beginning of Fiscal Year	24,173	24,173	-
Fund Balance at End of Fiscal Year	\$ 17,672	\$ 30,556	\$ 12,884

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Earnings on Investments	\$ 6,780	\$ 6,780	\$ -
Intergovernmental	<u>336,369</u>	<u>338,259</u>	<u>1,890</u>
Total Revenues	<u>343,149</u>	<u>345,039</u>	<u>1,890</u>
Expenditures			
Current:			
Community Services:			
Purchased Services	246,782	245,513	1,269
Supplies and Material	168,091	162,097	5,994
New Equipment	4,407	5,194	(787)
Other	<u>2,381</u>	<u>5</u>	<u>2,376</u>
Total Expenditures	<u>421,661</u>	<u>412,809</u>	<u>8,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(78,512)</u>	<u>(67,770)</u>	<u>10,742</u>
Fund Balance at Beginning of Fiscal Year	<u>78,515</u>	<u>78,515</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u><u>\$ 3</u></u>	<u><u>\$ 10,745</u></u>	<u><u>\$ 10,742</u></u>

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 17,027	\$ 17,027	\$ -
Total Revenues	<u>17,027</u>	<u>17,027</u>	<u>-</u>
Expenditures			
Current:			
Community Services:			
Salaries	4,311	5,898	(1,587)
Purchased Services	25,997	19,082	6,915
Supplies and Materials	4,593	3,989	604
Total Expenditures	<u>34,901</u>	<u>28,969</u>	<u>5,932</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,874)	(11,942)	5,932
Fund Balance at Beginning of Fiscal Year	<u>26,919</u>	<u>26,919</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 9,045</u>	<u>\$ 14,977</u>	<u>\$ 5,932</u>

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 30,000	\$ 30,000	\$ -
Other	15,021	15,021	-
Total Revenues	<u>45,021</u>	<u>45,021</u>	<u>-</u>
Expenditures			
Current:			
Regular Instruction:			
Salaries	16,244	5,318	10,926
Purchased Services	21,777	33,509	(11,732)
Supplies and Materials	7,000	376	6,624
Total Expenditures	<u>45,021</u>	<u>39,203</u>	<u>5,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	5,818	5,818
Fund Balance at Beginning of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ -</u>	<u>\$ 5,818</u>	<u>\$ 5,818</u>

**North Royalton City School District
Cuyahoga County**

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Model Project for Gifted Education Fund

For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 7,495	\$ 7,495	\$ -
Total Revenues	<u>7,495</u>	<u>7,495</u>	<u>-</u>
Expenditures			
Current:			
Special Instruction:			
Salaries	1,054	1,054	-
Supplies and Materials	5,518	6,640	(1,122)
Support Services:			
Pupil Services:			
Purchased Services	3,621	2,956	665
Supplies and Materials	619	157	462
Total Expenditures	<u>10,812</u>	<u>10,807</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,317)</u>	<u>(3,312)</u>	<u>5</u>
Fund Balance at Beginning of Fiscal Year	<u>3,317</u>	<u>3,317</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 11,990	\$ 11,990	\$ -
Total Revenues	11,990	11,990	-
Expenditures			
Current:			
Support Services:			
Pupil Services:			
Purchased Services	7,435	5,949	1,486
Business and Fiscal Services:			
Purchased Services	7,435	5,949	1,486
Equipment	99	1,125	(1,026)
Total Expenditures	14,969	13,023	1,946
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,979)	(1,033)	1,946
Fund Balance at Beginning of Fiscal Year	2,979	2,979	-
Fund Balance at End of Fiscal Year	\$ -	\$ 1,946	\$ 1,946

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 64,166	\$ 64,166	\$ -
Total Revenues	<u>64,166</u>	<u>64,166</u>	<u>-</u>
Expenditures			
Current:			
Community Services:			
Supplies and Materials	<u>113,507</u>	<u>113,459</u>	<u>48</u>
Total Expenditures	<u>113,507</u>	<u>113,459</u>	<u>48</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(49,341)</u>	<u>(49,293)</u>	<u>48</u>
Fund Balance at Beginning of Fiscal Year	<u>49,341</u>	<u>49,341</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 48</u>

**North Royalton City School District
Cuyahoga County**

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 10,734	\$ 10,734	\$ -
Total Revenues	<u>10,734</u>	<u>10,734</u>	<u>-</u>
Expenditures			
Current:			
Special Instruction:			
Purchased Services	30,307	28,951	1,356
Community Services:			
Supplies and Materials	<u>48</u>	<u>48</u>	<u>-</u>
Total Expenditures	<u>30,355</u>	<u>28,999</u>	<u>1,356</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,621)	(18,265)	1,356
Fund Balance at Beginning of Fiscal Year	<u>19,621</u>	<u>19,621</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ -</u>	<u>\$ 1,356</u>	<u>\$ 1,356</u>

North Royalton City School District
Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Budget Basis)
Title VI-B/Preschool Grant Fund

For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 150,692	\$ 150,692	\$ -
Total Revenues	<u>150,692</u>	<u>150,692</u>	<u>-</u>
Expenditures			
Current:			
Special Instruction:			
Salaries	14,100	14,100	-
Fringe Benefits	1,695	1,695	-
Supplies and Materials	7,540	4,124	3,416
Support Services:			
Instructional Staff:			
Salaries	133,724	133,724	-
Purchased Services	2,192	2,120	72
Total Expenditures	<u>159,251</u>	<u>155,763</u>	<u>3,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,559)	(5,071)	3,488
Fund Balance at Beginning of Fiscal Year	<u>8,558</u>	<u>8,558</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ (1)</u>	<u>\$ 3,487</u>	<u>\$ 3,488</u>

**North Royalton City School District
Cuyahoga County**

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 18,725	\$ 18,512	\$ (213)
Total Revenues	<u>18,725</u>	<u>18,512</u>	<u>(213)</u>
Expenditures			
Current:			
Regular Instruction:			
Supplies and Materials	32,725	26,328	6,397
New Equipment	4,260	8,282	(4,022)
Community Services:			
Supplies and Materials	267	167	100
New Equipment	26	2,500	(2,474)
Total Expenditures	<u>37,278</u>	<u>37,277</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,553)	(18,765)	(212)
Fund Balance at Beginning of Fiscal Year	<u>18,767</u>	<u>18,767</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 214</u>	<u>\$ 2</u>	<u>\$ (212)</u>

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 2,747	\$ 2,747	\$ -
Total Revenues	<u>2,747</u>	<u>2,747</u>	<u>-</u>
Expenditures			
Current:			
Regular Instruction:			
Purchased Services	-	180	(180)
Supplies and Materials	2,207	3,318	(1,111)
Equipment	<u>2,497</u>	<u>1,168</u>	<u>1,329</u>
Total Expenditures	<u>4,704</u>	<u>4,666</u>	<u>- 38</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,957)	(1,919)	38
Fund Balance at Beginning of Fiscal Year	<u>1,957</u>	<u>1,957</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 38</u>

**North Royalton City School District
Cuyahoga County**

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 15,717	\$ 15,717	\$ -
Total Revenues	<u>15,717</u>	<u>15,717</u>	<u>-</u>
Expenditures			
Current:			
Special Instruction:			
Supplies and Materials	144	144	-
Support Services:			
Pupil Services:			
Purchased Services	7,416	7,416	-
Instructional Staff:			
Salaries	<u>10,532</u>	<u>10,532</u>	<u>-</u>
Total Expenditures	<u>18,092</u>	<u>18,092</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,375)	(2,375)	-
Fund Balance at Beginning of Fiscal Year	<u>2,376</u>	<u>2,376</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

**North Royalton City School District
Cuyahoga County**

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 21,926	\$ 21,739	\$ (187)
Total Revenues	<u>21,926</u>	<u>21,739</u>	<u>(187)</u>
Expenditures			
Current:			
Regular Instruction:			
Salaries	7,432	7,186	246
Purchased Services	6,002	5,918	84
Supplies and Materials	11,773	10,116	1,657
Support Services:			
Instructional Staff:			
Purchased Services	1,450	2,080	(630)
Community Services:			
Purchased Services	65	-	65
Supplies and Materials	83	148	(65)
Total Expenditures	<u>26,805</u>	<u>25,448</u>	<u>1,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,879)	(3,709)	1,170
Fund Balance at Beginning of Fiscal Year	<u>5,066</u>	<u>5,066</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 187</u>	<u>\$ 1,357</u>	<u>\$ 1,170</u>

Debt Service Fund

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

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

Capital Projects Funds

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

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

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

Burglary Insurance Fund – This fund is used to account for receipts due to recovery of funds for vandalism, burglary, etc. Any repairs are then paid out from these funds.

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

**North Royalton City School District
Cuyahoga County**

Combining Balance Sheet
All Capital Projects Funds

June 30, 1999

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Burglary Insurance</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 192,829	\$ 261,865	\$ -
Cash in Segregated Accounts	-	39,362	-
Receivables:			
Taxes	613,272	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 806,101	\$ 301,227	\$ -
	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts and Contracts Payable	\$ 18,246	\$ 22,647	\$ -
Retainage Payable	-	39,362	-
Deferred Revenue	535,205	-	-
Due to Other Funds	160,000	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	713,451	62,009	-
	<hr/>	<hr/>	<hr/>
Fund Equity:			
Fund Balances (Deficits):			
Reserved for Encumbrances	165,042	70,940	-
Reserved for Property Tax Advance	78,067	-	-
Unreserved, Undesignated	(150,459)	168,278	-
	<hr/>	<hr/>	<hr/>
Total Fund Equity	92,650	239,218	-
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Equity	\$ 806,101	\$ 301,227	\$ -
	<hr/>	<hr/>	<hr/>

<u>School Net Plus</u>	<u>Totals</u>
\$ 122,248	\$ 576,942
-	39,362
-	<u>613,272</u>
<u>\$ 122,248</u>	<u>\$ 1,229,576</u>
\$ -	\$ 40,893
-	39,362
-	535,205
-	<u>160,000</u>
-	<u>775,460</u>
495	236,477
-	78,067
<u>121,753</u>	<u>139,572</u>
<u>122,248</u>	<u>454,116</u>
<u>\$ 122,248</u>	<u>\$ 1,229,576</u>

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Burglary Insurance</u>
Revenues			
Taxes	\$ 601,067	\$ -	\$ -
Earnings on Investments	-	30,475	-
Intergovernmental	72,543	-	-
Refund of Prior Years' Expenditures	-	517	-
Other	-	80,444	-
	<hr/>	<hr/>	<hr/>
Total Revenues	673,610	111,436	-
	<hr/>	<hr/>	<hr/>
Expenditures			
Current:			
Regular and Special Instruction	410,831	-	-
Support Services:			
Administration	7,462	-	-
Plant Operation and Maintenance	78,570	-	3,935
Pupil Transportation	148,051	-	-
Capital Outlay	-	508,112	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	644,914	508,112	3,935
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,696	(396,676)	(3,935)
	<hr/>	<hr/>	<hr/>
Fund Balances at Beginning of Fiscal Year	63,954	635,894	3,935
	<hr/>	<hr/>	<hr/>
Fund Balances at End of Fiscal Year	\$ 92,650	\$ 239,218	\$ -
	<hr/>	<hr/>	<hr/>

<u>School Net Plus</u>	<u>Totals</u>
\$ -	\$ 601,067
-	30,475
122,248	194,791
-	517
-	80,444
122,248	907,294
-	410,831
-	7,462
-	82,505
-	148,051
-	508,112
-	1,156,961
122,248	(249,667)
-	703,783
<u>\$ 122,248</u>	<u>\$ 454,116</u>

North Royalton City School District
Cuyahoga County
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Budget Basis)
Permanent Improvement Fund
 For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 568,195	\$ 568,861	\$ 666
Intergovernmental	72,458	72,543	85
Total Revenues	<u>640,653</u>	<u>641,404</u>	<u>751</u>
Expenditures			
Current:			
Regular Instruction:			
Purchased Services	445	445	-
Supplies and Materials	165,247	225,082	(59,835)
New Equipment	480,380	347,592	132,788
Special Instruction:			
New Equipment	13,209	13,209	-
Support Services:			
Administration:			
Supplies and Materials	899	1,193	(294)
New Equipment	5,526	6,356	(830)
Plant Operation and Maintenance:			
Purchased Services	60,218	61,893	(1,675)
New Equipment	27,937	27,764	173
Pupil Transportation:			
New Equipment	148,051	216,131	(68,080)
Total Expenditures	<u>901,912</u>	<u>899,665</u>	<u>2,247</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(261,259)</u>	<u>(258,261)</u>	<u>2,998</u>
Other Financing Sources (Uses)			
Advances - In	160,000	160,000	-
Refund of Prior Years' Expenditures	-	880	880
Total Other Financing Sources (Uses)	<u>160,000</u>	<u>160,880</u>	<u>880</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(101,259)</u>	<u>(97,381)</u>	<u>3,878</u>
Fund Balance at Beginning of Fiscal Year	<u>110,007</u>	<u>110,007</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 8,748</u>	<u>\$ 12,626</u>	<u>\$ 3,878</u>

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Earnings on Investments	\$ 30,110	\$ 32,432	\$ 2,322
Other	<u>82,503</u>	<u>82,503</u>	<u>-</u>
Total Revenues	<u>112,613</u>	<u>114,935</u>	<u>2,322</u>
Expenditures			
Capital Outlay:			
Purchased Services	84,524	101,374	(16,850)
Supplies and Materials	7,966	34,292	(26,326)
New Equipment	<u>798,366</u>	<u>590,743</u>	<u>207,623</u>
Total Expenditures	<u>890,856</u>	<u>726,409</u>	<u>164,447</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(778,243)</u>	<u>(611,474)</u>	<u>166,769</u>
Other Financing Sources (Uses)			
Refund of Prior Years' Expenditures	<u>57,387</u>	<u>57,387</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>57,387</u>	<u>57,387</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(720,856)</u>	<u>(554,087)</u>	<u>166,769</u>
Fund Balance at Beginning of Fiscal Year	<u>722,365</u>	<u>722,365</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 1,509</u>	<u>\$ 168,278</u>	<u>\$ 166,769</u>

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
Current:			
Support Services:			
Plant Operation and Maintenance:			
Replacement Equipment	\$ 3,935	\$ 3,935	\$ -
Total Expenditures	<u>3,935</u>	<u>3,935</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,935)	(3,935)	-
Fund Balance at Beginning of Fiscal Year	<u>3,935</u>	<u>3,935</u>	<u>-</u>
 Fund Balance at End of Fiscal Year	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 122,248	\$ 122,248	\$ -
Total Revenues	<u>122,248</u>	<u>122,248</u>	<u>-</u>
Expenditures			
Current:			
Regular Instruction:			
New Equipment	100,000	495	99,505
Total Expenditures	<u>100,000</u>	<u>495</u>	<u>99,505</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,248	121,753	99,505
Fund Balance at Beginning of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Fiscal Year	<u>\$ 22,248</u>	<u>\$ 121,753</u>	<u>\$ 99,505</u>

Enterprise Funds

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

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

Uniform School Supplies Fund – This fund accounts for financial activity related to the purchase and sale of school supplies as adopted by the Board of Education for use within the District. Profit derived from the sales is used for school purpose or activities in connection with the school.

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

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

North Royalton City School District
Cuyahoga County

Combining Balance Sheet
All Enterprise Funds

June 30, 1999

	<u>Lunchroom/ Cafeteria</u>	<u>Uniform School Supplies</u>	<u>Rotary</u>	<u>After School Care Program</u>	<u>Totals</u>
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$ 134,593	\$ -	\$ 50,524	\$ 34,856	\$ 219,973
Accounts Receivable	663	-	-	-	663
Inventory	28,672	-	-	-	28,672
Fixed Assets (Net of Accumulated Depreciation)	342,795	-	-	-	342,795
Total Assets	<u>\$ 506,723</u>	<u>\$ -</u>	<u>\$ 50,524</u>	<u>\$ 34,856</u>	<u>\$ 592,103</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts and Contracts Payable	\$ 891	\$ -	\$ -	\$ 2,594	\$ 3,485
Intergovernmental Payable	-	-	-	14,074	14,074
Accrued Wages and Benefits	56,751	-	-	-	56,751
Total Liabilities	<u>57,642</u>	<u>-</u>	<u>-</u>	<u>16,668</u>	<u>74,310</u>
Fund Equity:					
Contributed Capital	269,859	-	-	-	269,859
Unreserved Retained Earnings	179,222	-	50,524	18,188	247,934
Total Fund Equity	<u>449,081</u>	<u>-</u>	<u>50,524</u>	<u>18,188</u>	<u>517,793</u>
Total Liabilities and Fund Equity	<u>\$ 506,723</u>	<u>\$ -</u>	<u>\$ 50,524</u>	<u>\$ 34,856</u>	<u>\$ 592,103</u>

North Royalton City School District
Cuyahoga County

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

For the Fiscal Year Ended June 30, 1999

	Lunchroom/ Cafeteria	Uniform School Supplies	Rotary	After School Care Program	Totals
Operating Revenues					
Tuition	\$ -	\$ -	\$ 58,182	\$ -	\$ 58,182
Food Services	834,872	-	-	-	834,872
Classroom Materials and Fees	-	-	17,136	-	17,136
User Charges	-	-	-	315,891	315,891
Other	-	-	5,150	-	5,150
Total Operating Revenues	<u>834,872</u>	<u>-</u>	<u>80,468</u>	<u>315,891</u>	<u>1,231,231</u>
Operating Expenses					
Salaries	342,917	-	42,954	-	385,871
Fringe Benefits and Insurance	107,659	-	78	-	107,737
Purchased Services	8,484	-	560	321,901	330,945
Supplies and Materials	459,249	6,649	23,480	18,497	507,875
Other	16,325	-	-	3,030	19,355
Depreciation	22,352	-	-	-	22,352
Total Operating Expenses	<u>956,986</u>	<u>6,649</u>	<u>67,072</u>	<u>343,428</u>	<u>1,374,135</u>
Operating Income (Loss)	<u>(122,114)</u>	<u>(6,649)</u>	<u>13,396</u>	<u>(27,537)</u>	<u>(142,904)</u>
Non-Operating Revenues					
Intergovernmental	89,966	-	-	-	89,966
Donated Commodities	36,414	-	-	-	36,414
Earnings on Investments	11,641	-	-	-	11,641
Total Non-Operating Revenues	<u>138,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,021</u>
Income (Loss) Before Operating Transfers	15,907	(6,649)	13,396	(27,537)	(4,883)
Operating Transfers					
Operating Transfers-In	-	-	1,000	-	1,000
NET INCOME (LOSS)	15,907	(6,649)	14,396	(27,537)	(3,883)
Add Depreciation on Fixed Assets Acquired by Contributed Capital	7,451	-	-	-	7,451
Net Increase (Decrease) In Retained Earnings	23,358	(6,649)	14,396	(27,537)	3,568
Retained Earnings at Beginning of Fiscal Year	155,864	6,649	36,128	45,725	244,366
Retained Earnings at End of Fiscal Year	<u>\$ 179,222</u>	<u>\$ -</u>	<u>\$ 50,524</u>	<u>\$ 18,188</u>	<u>\$ 247,934</u>

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

For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Food Services	\$ 828,393	\$ 835,991	\$ 7,598
Total Operating Revenues	<u>828,393</u>	<u>835,991</u>	<u>7,598</u>
Operating Expenses			
Salaries	360,983	342,841	18,142
Fringe Benefits and Insurance	111,411	109,993	1,418
Purchased Services	6,250	8,418	(2,168)
Supplies and Materials	446,356	441,504	4,852
New Equipment	50,000	49,479	521
Replacement Equipment	-	442	(442)
Total Operating Expenses	<u>975,000</u>	<u>952,677</u>	<u>22,323</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	<u>(146,607)</u>	<u>(116,686)</u>	<u>29,921</u>
Non-Operating Revenues			
Intergovernmental	89,966	89,966	-
Earnings on Investments	11,641	11,641	-
Total Non-Operating Revenues	<u>101,607</u>	<u>101,607</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>(45,000)</u>	<u>(15,079)</u>	<u>29,921</u>
Fund Equity at Beginning of Fiscal Year	<u>149,673</u>	<u>149,673</u>	<u>-</u>
Fund Equity at End of Fiscal Year	<u><u>\$ 104,673</u></u>	<u><u>\$ 134,594</u></u>	<u><u>\$ 29,921</u></u>

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Expenses			
Supplies and Materials	\$ 2,570	\$ 2,570	\$ -
Total Operating Expenses	<u>2,570</u>	<u>2,570</u>	<u>-</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	(2,570)	(2,570)	-
Fund Equity at Beginning of Fiscal Year	<u>2,570</u>	<u>2,570</u>	<u>-</u>
Fund Equity at End of Fiscal Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Tuition	\$ 18,173	\$ 58,182	\$ 40,009
Classroom Materials and Fees	17,136	17,136	-
Other	5,150	5,150	-
	<u>40,459</u>	<u>80,468</u>	<u>40,009</u>
Operating Expenses			
Salaries	47,256	42,954	4,302
Fringe Benefits and Insurance	200	78	122
Purchased Services	-	560	(560)
Supplies and Materials	26,544	23,510	3,034
	<u>74,000</u>	<u>67,102</u>	<u>6,898</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses Before Operating Transfers and Advances	(33,541)	13,366	46,907
Operating Transfer - In	1,000	1,000	-
Advances - In	650	650	-
Advances - Out	(650)	(650)	-
	<u>(32,541)</u>	<u>14,366</u>	<u>46,907</u>
Excess of Revenues Over (Under) Expenses, Operating Transfers and Advances	(32,541)	14,366	46,907
Fund Equity at Beginning of Fiscal Year	<u>36,128</u>	<u>36,128</u>	<u>-</u>
Fund Equity at End of Fiscal Year	<u>\$ 3,587</u>	<u>\$ 50,494</u>	<u>\$ 46,907</u>

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

For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
User Charges	\$ 345,000	\$ 315,891	\$ (29,109)
Total Operating Revenues	<u>345,000</u>	<u>315,891</u>	<u>(29,109)</u>
Operating Expenses			
Purchased Services	318,100	328,358	(10,258)
Supplies and Materials	15,840	17,897	(2,057)
New Equipment	3,030	3,030	-
Other	3,030	-	3,030
Total Operating Expenses	<u>340,000</u>	<u>349,285</u>	<u>(9,285)</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	5,000	(33,394)	(38,394)
Fund Equity at Beginning of Fiscal Year	<u>68,250</u>	<u>68,250</u>	<u>-</u>
Fund Equity at End of Fiscal Year	<u>\$ 73,250</u>	<u>\$ 34,856</u>	<u>\$ 38,394</u>

North Royalton City School District
Cuyahoga County

Combining Statement of Cash Flows
All Enterprise Funds

For the Fiscal Year Ended June 30, 1999

	Lunchroom/ Cafeteria	Uniform School Supplies	Rotary	After School Care Program	Totals
Cash Flows from Operating Activities					
Operating Income (Loss)	\$ (122,114)	\$ (6,649)	\$ 13,396	\$ (27,537)	\$ (142,904)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:					
Depreciation	22,352	-	-	-	22,352
Donated Commodities Used	36,414	-	-	-	36,414
(Increase) Decrease in Operating Assets:					
Accounts Receivable	1,119	-	-	-	1,119
Inventories	(3,925)	4,079	-	-	154
Increase (Decrease) in Operating Liabilities:					
Accounts and Contracts Payable	(953)	-	-	(19,931)	(20,884)
Intergovernmental	-	-	-	14,074	14,074
Accrued Wages and Benefits Payable	(2,258)	-	-	-	(2,258)
Deferred Revenue	(13,725)	-	-	-	(13,725)
<i>Total Adjustments</i>	<u>39,024</u>	<u>4,079</u>	<u>-</u>	<u>(5,857)</u>	<u>37,246</u>
Net Cash Provided by (Used in) Operating Activities	<u>(83,090)</u>	<u>(2,570)</u>	<u>13,396</u>	<u>(33,394)</u>	<u>(105,658)</u>
Cash Flows from Non-Capital Financing Activities					
Non-Operating Grants	89,966	-	-	-	89,966
Transfers - In	-	-	1,000	-	1,000
Net Cash Provided by Non-Capital Financing Activities	<u>89,966</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>90,966</u>
Cash Flows from Capital and Related Financing Activities					
Purchase of Fixed Assets	(33,597)	-	-	-	(33,597)
Cash Flows from Investing Activities					
Earnings on Investments	11,641	-	-	-	11,641
Net Increase (Decrease) in Cash and Cash Equivalents	(15,080)	(2,570)	14,396	(33,394)	(36,648)
Cash and Cash Equivalents - Beginning of Fiscal Year	<u>149,673</u>	<u>2,570</u>	<u>36,128</u>	<u>68,250</u>	<u>256,621</u>
Cash and Cash Equivalents - End of Fiscal Year	<u>\$ 134,593</u>	<u>\$ -</u>	<u>\$ 50,524</u>	<u>\$ 34,856</u>	<u>\$ 219,973</u>

Internal Service Fund

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

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

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

Fiduciary Fund

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

Agency Fund

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

North Royalton City School District
Cuyahoga County

Statement of Changes in Assets and Liabilities
Agency Fund

For the Fiscal Year Ended June 30, 1999

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 1999</u>
Student Activities Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 204,503	\$ 624,644	\$ 614,296	\$ 214,851
Inventory	<u>12,230</u>	<u>18,863</u>	<u>12,230</u>	<u>18,863</u>
Total Assets	<u>\$ 216,733</u>	<u>\$ 643,507</u>	<u>\$ 626,526</u>	<u>\$ 233,714</u>
Liabilities				
Accounts and Contracts Payable Due to Students	\$ 1,396	\$ 8,187	\$ 1,396	\$ 8,187
	<u>215,337</u>	<u>635,320</u>	<u>625,130</u>	<u>225,527</u>
Total Liabilities	<u>\$ 216,733</u>	<u>\$ 643,507</u>	<u>\$ 626,526</u>	<u>\$ 233,714</u>

General Fixed Assets Account Group

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

**North Royalton City School District
Cuyahoga County**

Schedules of General Fixed Assets by Source

As of June 30, 1999

General Fixed Assets

Land	\$ 478,111
Buildings and Improvements	39,518,892
Furniture, Fixtures and Equipment	5,304,990
Textbooks and Library Books	<u>1,809,042</u>
Total General Fixed Assets	<u>\$ 47,111,035</u>

Investment in General Fixed Assets by Source

General Fund	\$ 6,787,643
Special Revenue Funds	19,240,165
Capital Projects funds	234,424
Fiduciary Funds	<u>474,803</u>
	26,737,035

Acquisitions Prior to 1997, Sources of Funding
Not Available

20,374,000

Total Investment in General Fixed Assets

\$ 47,111,035

**North Royalton City School District
Cuyahoga County**

Schedule of General Fixed Assets by Function and Type

June 30, 1999

<u>Function</u>	<u>Total</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Textbooks and Library Books</u>
Instruction	\$43,550,945	\$ 352,443	\$ 38,975,483	\$ 2,413,977	\$ 1,809,042
Support Services Administration	875,703	125,668	341,464	408,571	-
Operation and Maintenance of Plant Services	333,174	-	104,609	228,565	-
Pupil Transportation Services	1,972,474	-	-	1,972,474	-
Extracurricular Activities	378,739	-	97,336	281,403	-
Total	<u>\$47,111,035</u>	<u>\$ 478,111</u>	<u>\$ 39,518,892</u>	<u>\$ 5,304,990</u>	<u>\$ 1,809,042</u>

**North Royalton City School District
Cuyahoga County**

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1999

<u>Function</u>	<u>General Fixed Assets 07/01/1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets 06/30/1999</u>
Instruction	\$ 43,045,216	\$ 542,325	\$ 36,596	43,550,945
Support Services				
Administration	805,682	70,021	-	875,703
Operation and Maintenance of Plant Services	279,565	60,088	6,479	333,174
Pupil Transportation Services	1,969,792	23,967	21,285	1,972,474
Extracurricular Activities	290,869	87,870	-	378,739
Total	<u>\$ 46,391,124</u>	<u>\$ 784,271</u>	<u>\$ 64,360</u>	<u>\$ 47,111,035</u>

**STATISTICAL
SECTION**

North Royalton City School District

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

Revenues

	1999 (2)	1998 (2)	1997 (2)	1996 (2)
Local Sources				
Taxes	\$23,299,237	\$21,232,486	\$18,086,766	\$17,794,411
Earnings on Investments	326,446	54,144	387,296	874,204
Extracurricular Activities	150,352	330,427	397,376	335,161
Classroom Mat'ls and Fees	110,366	109,568	11,768	15,502
Other	331,467	306,244	131,154	179,683
Intergovernmental	7,875,351	7,430,767	5,935,362	5,814,801
Total Revenues	\$32,093,219	\$29,463,636	\$24,949,722	\$25,013,762

Expenditures

Instruction	\$15,007,639	\$14,752,943	\$12,073,811	\$12,463,984
Support Services				
Pupil	1,444,322	1,369,624	1,169,234	1,136,284
Instructional	1,501,589	1,389,717	1,292,299	1,196,853
Administration	2,256,472	2,167,487	1,677,414	1,674,024
Business & Fiscal	853,059	874,363	790,110	685,421
Plant Operations & Maint.	2,626,710	2,420,020	2,206,240	1,756,238
Pupil Transportation	1,960,510	2,027,482	1,851,817	1,446,606
Central Services	93,740	75,275	94,981	73,996
Community Service	439,865	333,380	559,018	544,903
Extracurricular Activities	432,962	524,180	485,803	470,596
Debt Service (3)	2,764,050	2,778,644	2,789,099	2,100,635
Capital Outlay	693,582	1,278,864	4,375,662	14,032,945
Other	62,905	61,162	56,070	61,962
Total Expenditures	\$30,137,405	\$30,053,141	\$29,421,558	\$37,644,447

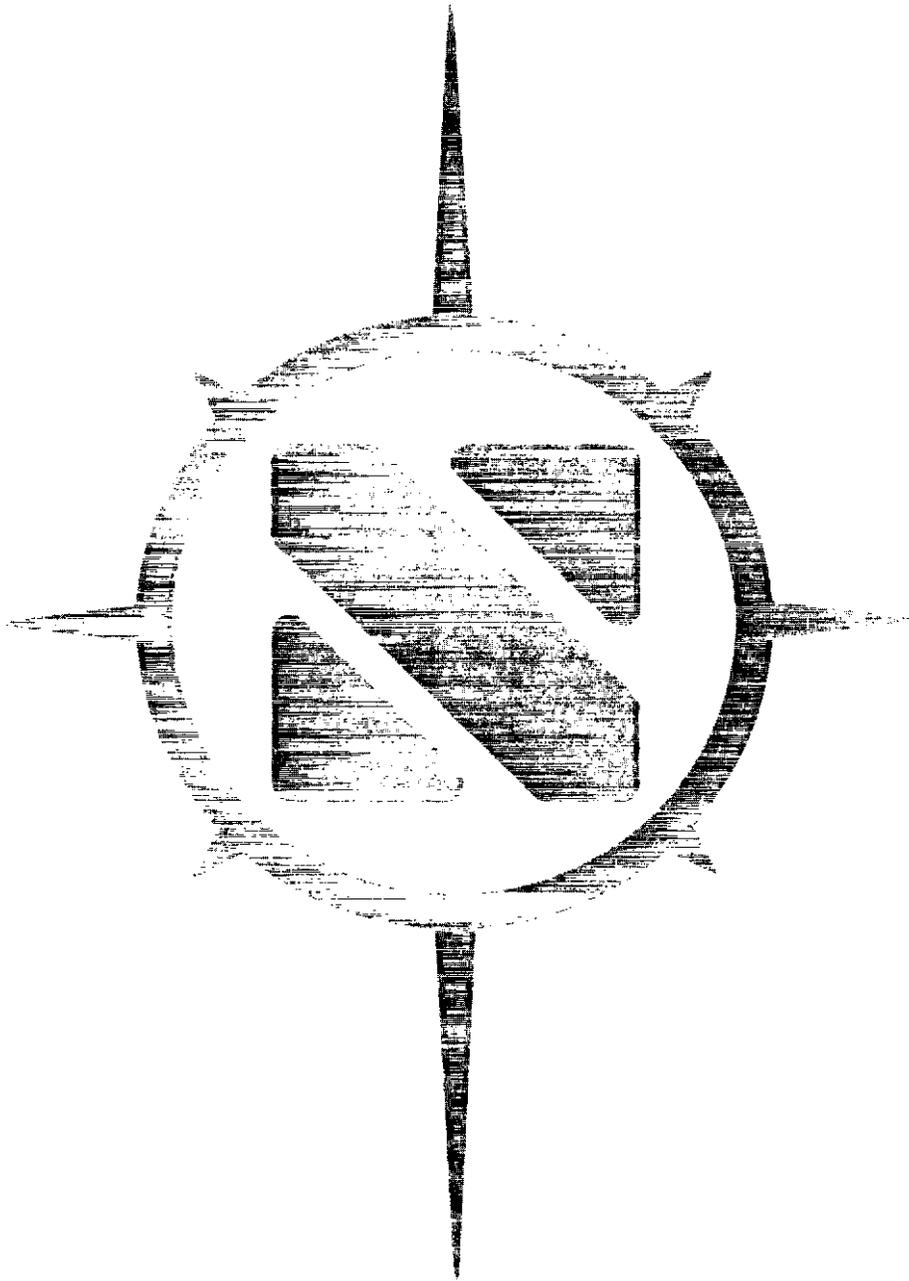
Note: Governmental Funds include General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds for 1997 and before. For 1998, and thereafter, Governmental Funds include General, Special Revenue, Debt Service and Capital Projects. During 1998, the Expendable Trust Fund was reclassified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

(1) Fiscal years end on June 30th

(2) 1992 through 1999 reflect GAAP reporting and are thus not comparable to prior years which were determined under the cash basis of accounting.

(3) 1989 and 1995 include repayment of bond anticipation notes

Source: School District financial records



1995 (2)	1994 (2)	1993 (2)	1992 (2)	1991	1990
\$16,187,081	\$15,291,045	\$14,631,552	\$13,827,336	\$12,641,479	\$10,727,096
1,652,905	228,820	148,436	180,250	182,641	198,389
305,424	91,986	92,338	361,634	307,787	276,869
12,578	17,606	16,760	26,620	17,665	30,659
184,087	208,131	200,050	223,419	158,450	119,664
4,693,127	4,267,899	4,242,096	4,044,118	3,902,799	3,547,786
\$23,035,202	\$20,105,487	\$19,331,232	\$18,663,377	\$17,210,821	\$14,900,463

\$11,800,964	\$11,068,297	\$10,053,453	\$9,304,493	\$8,191,081	\$7,460,396
1,059,150	1,138,704	858,684	880,248	759,378	666,754
1,094,519	1,003,525	1,186,815	988,236	899,944	862,379
1,703,433	1,546,096	1,491,610	1,379,827	1,244,349	1,182,937
667,945	709,357	736,637	640,644	610,855	518,585
1,708,288	1,792,481	1,809,652	1,868,367	1,598,292	1,521,964
1,231,741	1,307,305	1,211,691	1,008,495	1,232,651	970,432
64,655	57,280	77,050	47,870	22,404	5,480
165,003	140,268	131,905	312,474	300,177	217,215
447,098	359,552	435,269	714,234	614,361	546,789
26,266,636	949,816	1,020,733	970,728	970,438	1,102,248
5,945,814	393,190	37,705	155,666	185,822	3,512,514
48,871	36,731	49,992	83,843	62,949	51,903
\$52,204,117	\$20,502,602	\$19,101,196	\$18,355,125	\$16,692,701	\$18,619,596

North Royalton City School District

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

Collection Year	Current Levy	Delinquent	Total	Current Collection	Percent Current Levy Collected	Delinquent Collections	Total Collections	Total Collected Percent of Current Levy
1998	\$24,343,994	\$839,932	\$25,183,926	\$23,872,162	98.06%	\$383,286	\$24,255,448	99.64%
1997	22,649,597	672,884	23,322,481	22,236,039	98.17%	396,780	22,632,819	99.93%
1996	18,940,161	705,356	19,645,517	18,688,226	98.67%	259,353	18,947,579	100.04%
1995	18,514,116	657,288	19,171,404	18,313,119	98.91%	166,674	18,479,793	99.81%
1994	17,029,159	580,786	17,609,945	16,862,090	99.02%	310,214	17,172,304	100.84%
1993	16,134,365	770,145	16,904,510	15,922,382	98.69%	230,934	16,153,316	100.12%
1992	15,636,021	675,904	16,311,925	15,335,885	98.08%	434,339	15,770,224	100.86%
1991	15,131,336	742,914	15,874,250	14,956,668	98.85%	153,180	15,109,848	99.86%
1990	12,303,315	752,560	13,055,875	12,114,219	98.46%	180,612	12,294,831	99.93%
1989	11,454,320	639,182	12,093,502	11,442,444	99.90%	47,880	11,490,324	100.31%

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

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

North Royalton City School District
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Calendar Years
 (in \$000,000)

Tax Year	Real Property		Public Utility Tangible Property		General Tangible Personal Property		Total Valuation		Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1998	\$605.3	\$1,729.3	\$31.8	\$36.2	\$21.2	\$84.9	\$658.3	\$1,850.4	36%
1997	569.9	1,628.3	31.3	35.5	21.4	85.8	622.6	1,749.6	36%
1996	517.3	1,478.0	31.4	44.5	19.9	79.5	568.5	1,602.0	35%
1995	497.4	1,421.3	31.0	41.9	18.7	74.7	547.2	1,537.9	36%
1994	476.9	1,362.7	34.9	39.7	17.1	68.3	528.9	1,470.6	36%
1993	415.6	1,187.3	66.1	75.2	17.1	68.5	498.8	1,331.0	37%
1992	398.0	1,137.1	57.3	65.2	17.0	68.1	472.4	1,270.4	37%
1991	376.0	1,074.2	51.8	58.9	15.9	61.3	443.7	1,194.4	37%
1990	301.6	861.7	75.7	86.0	19.8	73.5	397.1	1,021.2	39%
1989	283.1	808.8	47.1	47.1	14.6	52.1	344.8	908.0	38%

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

Current Assessment Percentages are:

Real Property	35%
Public Utility Tangible Property	
- telecommunications companies	25%
- all others	88%
Tangible Personal Property	25%

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

North Royalton City School District

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

Collection Year	North Royalton City School District			Cuyahoga Valley Career Center	County Levy	Residents of North Royalton		Residents of Broadview Heights	
	General Fund	Bond Retirement	Total			City Levy	Total Levy	City Levy	Total Levy
1999	57.00	4.40	61.40	2.00	18.00	8.30	89.70	9.40	90.80
1998	57.40	4.70	62.10	2.00	18.00	8.30	90.40	9.40	91.50
1997	58.20	5.10	63.30	2.00	18.00	8.30	91.60	9.40	92.70
1996	52.80	5.30	58.10	2.00	18.00	8.30	86.40	9.40	87.50
1995	53.00	5.20	58.20	2.00	18.20	8.40	86.80	8.40	86.80
1994	53.44	2.16	55.60	2.00	17.80	7.90	83.30	6.30	81.70
1993	53.64	2.16	55.80	2.00	17.80	7.90	83.50	6.30	81.90
1992	54.15	2.75	56.90	2.00	17.80	9.80	86.50	6.20	82.90
1991	55.20	2.50	57.70	2.00	17.80	11.90	89.40	6.30	83.80
1990	52.90	3.10	56.00	2.10	16.30	12.00	86.40	6.40	80.80

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

North Royalton City School District

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

Fiscal Year	Gross General Bonded Debt	Less: Debt Service Fund	Net General Bonded Debt	Assessed Value (1)	Population (2)	Ratio of Net Debt to Assessed Value	Net Debt per Capita
1999	\$26,270,709	\$1,514,584	\$24,756,125	\$658,303,103	27,600	3.76%	\$897
1998	27,580,709	1,579,994	26,000,715	622,595,544	27,483	4.18%	\$946
1997	28,845,709	1,483,155	27,362,554	568,546,334	27,000	4.81%	1,013
1996	30,065,709	1,444,772	28,620,937	547,164,042	26,697	5.23%	1,072
1995	30,520,709	397,780	30,122,929	528,908,611	26,364	5.70%	1,143
1994	6,944,994	655,165	6,289,829	498,834,548	25,886	1.26%	243
1993	7,560,000	560,602	6,999,398	472,350,812	24,238	1.48%	289
1992	7,970,000	635,637	7,334,363	443,728,246	23,611	1.65%	311
1991	8,505,000	654,336	7,850,664	397,109,238	23,197	1.98%	338
1990	8,715,000	583,464	8,131,536	344,777,304	22,186	2.36%	367

(1) Source: Cuyahoga County Auditor

(2) Source: Finance Department, City of North Royalton; population of the Broadview Heights portion of the North Royalton School District is not available.

North Royalton City School District

Computation of Legal Debt Margin June 30, 1999

Assessed Valuation Tax Year 1998

\$658,303,103

Voted Debt

Bonded Debt Limit - 9% of Assessed Value (1)	59,247,279
Amount of Debt Applicable to Debt Limit: Bonded Debt	26,270,709
Voted Debt Margin	\$32,976,570

Unvoted Debt

Bonded Debt Limit - 0.1% of Assessed Value (1)	\$658,303
Amount of Debt Applicable	- 0 -
Unvoted Debt Margin	\$658,303

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

Source: School District Records

North Royalton City School District

Computation of Direct and Overlapping Debt - General Obligation June 30, 1999

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to School District	Amount Applicable to School District
North Royalton City School District	26,270,709	100.00%	26,270,709
City of North Royalton	3,851,000	98.50%	3,793,235
City of Broadview Heights	6,241,058	18.20%	1,135,873
Cuyahoga County	101,190,000	2.40%	2,428,560
Regional Transit Authority	102,945,000	2.40%	2,470,680
Total			36,099,057

Notes:

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

Source: Cuyahoga County Auditor

North Royalton City School District

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

Fiscal Year	Principal	Interest	Total Debt Service	Total Expenditures (1)	Ratio of Debt Service to Governmental Fund Expenditures
1999	\$1,310,000	\$1,453,300	\$2,763,300	\$30,137,405	9.17%
1998	1,265,000	1,513,394	2,778,394	30,053,141	9.24%
1997	1,220,000	1,568,599	2,788,599	29,421,558	9.48%
1996	455,000	1,605,885	2,060,885	37,644,447	5.47%
1995	420,000	1,510,414	1,930,414	52,204,117	3.70%
1994	615,000	292,488	907,488	20,502,602	4.43%
1993	410,000	560,209	970,209	26,588,277	3.65%
1992	385,000	585,728	970,728	18,355,125	5.29%
1991	360,000	609,353	969,353	16,692,701	5.81%
1990	335,000	631,203	966,203	18,619,596	5.19%

(1) 1992 through 1999 on GAAP basis; all other years on cash basis.

Source: School District Records

North Royalton City School District

Property Values, Construction and Bank Deposits Last Ten Calendar Years

Collection Year	No. of Building Permits (1)	Value of Building Permits Issued (1)	Cuyahoga County Bank Deposits (in 000's) (2)	Residential And Other Real Estate (3)	Public Utility Tangible (3)	Personal Tangible (3)	Total Assessed Valuation
1999	4,602	\$48,478,648	\$60,846,022	\$605,258,530	\$31,814,060	\$21,230,513	\$658,303,103
1998	3,991	43,087,840	53,941,971	569,889,100	31,264,190	21,442,254	622,595,544
1997	3,799	33,058,230	27,068,211	517,284,940	31,381,960	19,879,434	568,546,334
1996	3,669	42,020,000	22,458,573	497,448,980	31,032,130	18,682,932	547,164,042
1995	4,270	35,205,713	20,885,453	476,949,520	34,894,100	17,064,991	528,908,611
1994	4,323	42,823,974	21,009,421	415,559,800	66,138,150	17,136,598	498,834,548
1993	4,395	48,216,990	19,379,280	397,990,860	57,333,390	17,026,562	472,350,812
1992	4,131	35,969,363	18,392,243	375,968,850	51,829,790	15,929,606	443,728,246
1991	4,101	59,868,941	18,403,806	301,588,010	75,672,290	19,848,938	397,109,238
1990	3,205	38,281,791	17,118,217	283,074,830	47,100,710	14,601,764	344,777,304

Note: New construction information for the portion of Broadview Heights in the North Royalton City School District is not available.

Sources:

- (1) Building Department, City of North Royalton
- (2) Federal Reserve Bank of Cleveland (total demand, time and savings deposits for Cuyahoga County, Ohio Banks).
(the large increase in 1997 was due to Key Bank becoming a single charter bank)
- (3) Cuyahoga County Auditor

North Royalton City School District

Principal Real Estate Taxpayers
December 31, 1998

Name of Taxpayer	Assessed Valuation (1)	Percent of Total Assessed Value
Royal Oaks LTD	\$6,097,000	1.01%
M & J - Dover Farms Apts.	4,025,000	0.67%
Gary Gross - Walnut Hills Apts.	3,640,000	0.60%
Harley Gross - Deer Creek Apts.	3,558,100	0.59%
MCI Telecommunications	3,591,000	0.59%
City of North Royalton	3,586,280	0.59%
Oak Brook Garden Apts.	3,541,720	0.59%
Pine Forest Apartments	3,312,400	0.55%
Somerset West Development Co.	2,730,000	0.45%
Timber Ridge Investments	2,333,100	0.39%
Theophanes B. Gaitanaros	2,226,000	0.37%
Royalton Plaza	1,792,390	0.30%
U.S. Hone Corp.	1,374,440	0.23%
Somia Abookire	1,365,000	0.23%
Zane R. Tollis	1,279,250	0.21%
Deaconess Senior Housing, Inc.	1,252,090	0.21%
Bent Tree at Seneca Gardens	1,138,970	0.19%
Total of Above	\$46,842,740	7.77%

(1) Assessed values are for the 1998 tax year.

Source: Cuyahoga County Auditor

North Royalton City School District

Principal Personal Tangible Taxpayers December 31, 1998

Name of Taxpayer	Assessed Valuation (1)	Percent of Total Assessed Value
H & D Steel Service, Inc.	\$1,328,060	4.17%
Discount Drug Mart	761,830	2.39%
Riser Foods Co.	651,800	2.05%
Krenz Krist Machine, Inc.	638,970	2.01%
Valley Tool & Die, Inc.	452,310	1.42%
Royal Wire Products, Inc	382,150	1.20%
Transport Services, Inc.	377,330	1.19%
Stevens Painton Corp.	369,550	1.16%
CNC Sales & Applications	317,650	1.00%
Midwest Precision Products	306,540	0.96%
Fleming Companies, Inc.	271,780	0.85%
Cablevision of the Midwest	270,700	0.85%
Waterpro Supplies Corp.	262,300	0.82%
Diamond K Industries	255,770	0.80%
Lunar Tool & Mold, Inc.	248,200	0.78%
Parma International, Inc.	244,370	0.77%
Total of Above	\$7,139,310	22.42%

(1) Assessed values are for the 1998 tax year.

Source: Cuyahoga County Auditor

North Royalton City School District
Principal Public Utility Tangible Taxpayers
December 31, 1998

Name of Taxpayer	Assessed Valuation (1)	Percent of Total Assessed Value
Cleveland Electric Illuminating	\$14,340,990	45.1%
Ameritech	6,508,620	20.5%
Columbia Gas of Ohio, Inc.	4,848,690	15.2%
MCI Telecommunications	1,931,600	6.1%
ICG Access Services	1,298,640	4.1%
East Ohio Gas Co.	1,062,900	3.3%
Ohio Edison Co.	778,000	2.5%
Total of Above	\$30,769,440	96.7%

(1) Assessed values are for the 1998 tax year.

Source: Cuyahoga County Auditor

North Royalton City School District
Enrollment Statistics - Last Ten Fiscal Years

Fiscal Year	Total Governmental Funds Expenditures (1)	Average Daily Membership (2)	Expenditures Per Pupil
1999	\$30,137,405	4,246	\$7,098
1998	30,053,141	4,242	7,085
1997	29,421,558	4,192	7,019
1996	37,644,447	4,075	9,238
1995	52,204,117	3,899	13,389
1994	20,502,602	3,749	5,469
1993	26,588,277	3,648	7,288
1992	18,355,125	3,422	5,364
1991	16,692,701	3,259	5,122
1990	18,619,596	3,075	6,055

(1) 1992 through 1999 on GAAP basis; all others on cash basis. 1989 and 1995 include repayment of bond anticipation notes.

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

Source: School District Records

North Royalton City School District

Teaching Staff by Education

As of June 30, 1999

Degree	Number	Percent of Total
Bachelor's	37	15.3%
Bachelor's + 6 hours	11	4.5%
Bachelor's +12 hours	8	3.3%
Bachelor's +18 hours	14	5.8%
Bachelor's +24 hours	6	2.5%
Bachelor's +30 hours	30	12.4%
Master's	57	23.5%
Master's + 6 hours	33	13.6%
Master's +12 hours	19	7.9%
Master's +18 hours	7	2.9%
Master's +24 hours	6	2.5%
Master's +30 hours	5	2.1%
Master's +36 hours	1	0.4%
Master's +42 hours	3	1.2%
Master's +48 hours	5	2.1%
PhD	0	0.0%
Total	242	100.0%

Teaching Staff by Experience

As of June 30, 1999

Years of Experience	Number	Percent of Total
0 - 5	54	22.3%
6 - 10	50	20.7%
11 - 15	40	16.5%
16 - 20	32	13.2%
21 - Over	66	27.3%
Total	242	100.0%

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

North Royalton City School District

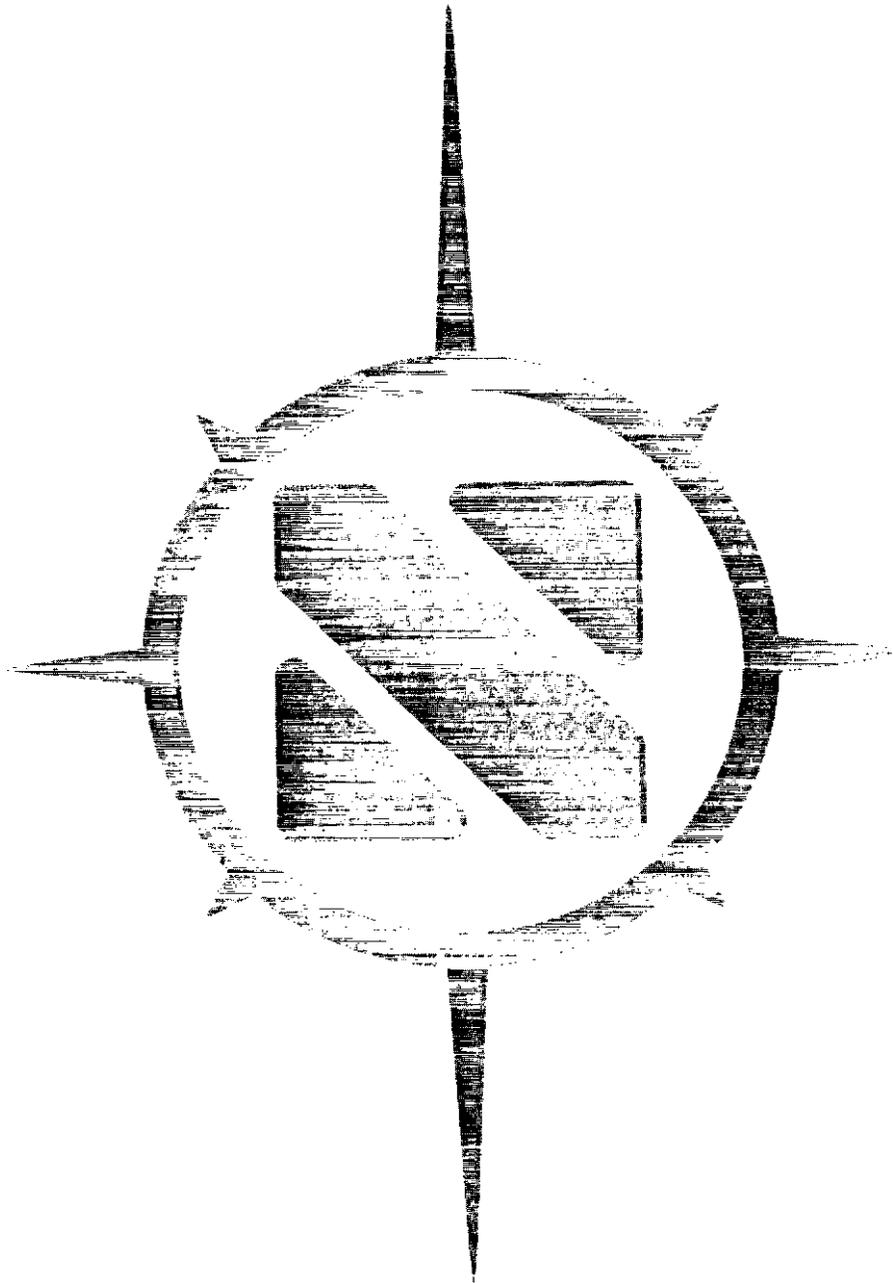
Student Demographic Information 1998 - 1999 School Year

GRADE	MALE	FEMALE	TOTAL
Pre-School	19	4	23
K	144	154	298
1	164	156	320
2	161	187	348
3	145	149	294
4	155	146	301
5	153	159	312
6	176	144	320
7	191	142	333
8	180	168	348
9	185	158	343
10	189	159	348
11	145	144	289
12	140	156	296
JVS	47	43	90
Ungraded	0	0	0
Total	2,194	2,069	4,263

Percent of Total Student Population 1998 - 1999 School Year

GRADE	ESKIMO-AMERICAN INDIAN	ASIAN	BLACK	HISPANIC	MULTI-RACIAL	WHITE
PS-4	0.1%	0.6%	0.2%	0.0%	0.2%	36.1%
5-8	0.0%	0.7%	0.1%	0.0%	0.2%	29.7%
9-12	0.0%	1.0%	0.0%	0.2%	0.1%	30.7%
Total	0.1%	2.3%	0.3%	0.2%	0.5%	96.5%

Source: School District records as of June, 1999





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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NORTH ROYALTON CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 11, 2000**