



Dave Yost • Auditor of State



**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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**NORTH ROYALTON CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2014**

<b>Federal Grantor</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education:</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$19,814		\$19,814	
National School Lunch Program	10.555	<u>320,380</u>	<u>\$84,120</u>	<u>320,380</u>	<u>\$84,120</u>
Total U.S. Department of Agriculture		<u>340,194</u>	<u>84,120</u>	<u>340,194</u>	<u>84,120</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education:</i>					
Special Education Cluster (IDEA):					
Special Education - Grants to States (IDEA, Part B) - 2013	84.027	1,645		8,795	
Special Education - Grants to States (IDEA, Part B) - 2014	84.027	<u>938,719</u>		<u>840,863</u>	
Total Special Education - Grants to States (IDEA, Part B)		<u>940,364</u>		<u>849,658</u>	
Special Education - Preschool Grants (IDEA Preschool) - 2013	84.173	18,052		18,052	
Special Education - Preschool Grants (IDEA Preschool) - 2014	84.173	<u>0</u>		<u>106</u>	
Total Special Education - Preschool Grants (IDEA Preschool)		<u>18,052</u>		<u>18,158</u>	
Total Special Education Cluster (IDEA)		<u>958,416</u>		<u>867,816</u>	
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) - 2013	84.010	44,334		45,730	
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) - 2014	84.010	<u>401,621</u>		<u>369,764</u>	
Total Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)		<u>445,955</u>		<u>415,494</u>	
English Language Acquisition Grants (Title III) - 2013	84.365	1,379		2,272	
English Language Acquisition Grants (Title III) - 2014	84.365	16,999		15,794	
Immigrant (Title III) - 2014	84.365	<u>2,158</u>		<u>2,661</u>	
Total English Language Acquisition Grants (Title III)		<u>20,536</u>		<u>20,727</u>	
Improving Teacher Quality State Grants - 2013	84.367	0		2,758	
Improving Teacher Quality State Grants - 2014	84.367	<u>74,369</u>		<u>68,899</u>	
Total Improving Teacher Quality State Grants		<u>74,369</u>		<u>71,657</u>	
Entry Year Teacher 2013	84.395	0		1,750	
Entry Year Teacher 2014	84.395	<u>4,550</u>		<u>4,550</u>	
Total Entry Year Teacher		<u>4,550</u>		<u>6,300</u>	
Total U.S. Department of Education		<u>1,503,826</u>		<u>1,381,994</u>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<i>Direct:</i>					
Miscellaneous Federal Grant - Drug Free Communities	93.276	<u>80,012</u>		<u>80,012</u>	
Total U.S Department of Health and Human Services		<u>80,012</u>		<u>80,012</u>	
<b>Total Federal Financial Assistance</b>		<u><u>\$1,924,032</u></u>	<u><u>\$84,120</u></u>	<u><u>\$1,802,200</u></u>	<u><u>\$84,120</u></u>

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the North Royalton City School District, Cuyahoga County, Ohio, (the District) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

CFDA – Catalog of Federal Domestic Assistance.



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 24, 2014.

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

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 24, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, AND THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE

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

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the North Royalton City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the North Royalton City School District's major federal program for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the North Royalton City School District, Cuyahoga County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

***Report on the Federal Awards Receipts and Expenditures Schedule Required by OMB Circular A-133***

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated November 24, 2014. We conducted our audit to opine on the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 24, 2014

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**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

*North Royalton City School District  
North Royalton, Ohio*



***"We Inspire and Empower Learners"***

*Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2014*

*North Royalton, Ohio  
City School District*

*Comprehensive  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2014*

*Prepared by*

*Treasurer's Office  
Biagio Sidoti, CPA  
Treasurer*

# INTRODUCTORY SECTION

**North Royalton City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2014*  
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# North Royalton City Schools

## Administrative Office

6579 Royalton Road • North Royalton, Ohio 44133  
Phone (440) 237-8800 • Fax (440) 582-7336 • [www.northroyaltonsd.org](http://www.northroyaltonsd.org)

November 24, 2014

Board of Education Members  
North Royalton City School District

**Gregory Gurka**  
Superintendent  
(440) 582-9030

**Biagio Sidoti**  
Treasurer  
(440) 582-9045

**James Presot**  
Assistant  
Superintendent  
(440) 582-9034

**Patrick Farrell**  
Director of Personnel  
(440) 582-9036

**Melissa Vojta**  
Director of Curriculum  
and Instruction  
(440) 582-9038

**Kathleen Spirakus**  
Director of Pupil  
Services  
(440) 582-9140

It is our privilege to present to you the Comprehensive Annual Financial Report (CAFR) of the North Royalton City School District (“School District”) for the fiscal year ended June 30, 2014. This CAFR enables the School District to comply with the Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires school districts reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of fiscal year end.

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

Under Ohio law, regular audits are required to be performed on all financial related operations of the School District. These audits may be done by either the State Auditor’s Office or, if the State Auditor permits, an independent public accounting firm. For fiscal year 2014, the School District was audited by the Auditor of State’s Office. Their unmodified opinion is included in the financial section of this CAFR.

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

### **The School District**

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

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

*“We Inspire and Empower Learners”*

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

The North Royalton City School District provides a comprehensive array of programs and services in six school buildings: one high school with grades 9 through 12, one middle school with grades 5 through 8, three elementary schools with each containing grade 1 through grade 4, and an Early Childhood Center for grades pre-kindergarten through kindergarten. Course offerings, supplemented by extra-curricular opportunities, afford students with the skills necessary to pursue post-high school educational and career goals.

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

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

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

### **The Reporting Entity**

The School District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," and Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34." In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the North Royalton City School District (the primary government) and its potential component units. The School District is not a component unit and has no component units.

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

### **Economic Condition and Outlook**

The City of North Royalton continues to experience a period of growth. The 2010 U.S. Census data reports a population of 30,444 in the City of North Royalton. This represents a 6.3 percent increase since the 2000 census. The average household income is \$65,958.

The North Royalton City School District receives 70 percent of its governmental revenues from local property tax collections. Therefore, the long-term financial health of the School District is very dependent on its tax base. The total assessed value of the School District's tax duplicate rose by nearly 14 percent in the last ten years. The increased value in the duplicate is due to revisions in property values made by the County Fiscal Officer every three years and new construction taking place in the School District.

Enrollment for fiscal year 2005 was 4,480 students. Enrollment for fiscal year 2014 was 4,647 students. The School District enlists the assistance of a professional demographer to develop enrollment projections. Projections are developed assuming low, moderate and high growth rates in the School District. The last enrollment projections completed in July 2012 indicate that the growth in the student population will moderate and stabilize. Student enrollment projections for fiscal year 2022 estimates an enrollment of 4,708 students, assuming moderate community growth rates.

### **Educational Program**

During fiscal year 2014, the School District's curriculum included a wide range of electives and comprehensive courses of study in college preparatory, liberal arts and technical career programs. The School District offers advanced placement courses at the high school in Calculus AB, Calculus BC, English Literature and Composition, Macroeconomics, Microeconomics, Physics B, Psychology, Statistics, U.S. Government and Politics, and U.S. History.

The graduating Class of 2014 exceeded the State and national average scores on both the American College Test (ACT) and the Scholastic Aptitude Test (SAT). The composite score of 23.8 on the ACT surpassed the State average of 22 and the national average of 21. The mean scores for North Royalton students on the SAT of 555 in mathematics and 545 in critical reading are fairly consistent with the State mean score of 562 and the national score of 514 in mathematics and the State mean of 555 the national mean of 496 in the critical reading section. This year, the high school has one semifinalist in the National Merit Scholarship Program and four National AP Scholars.

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

Ninety-four percent of the high school graduates last year indicated they intended to continue their education at the university or college level with 70 percent attending a four-year college and 24 percent attending a two-year college. The high school offers 198 courses on the main campus with an additional 50 vocational offerings at Cuyahoga Valley Career Center. Additional academic statistics from the Class of 2014 include: 34 percent received an Honors Diploma, 14 percent were members of the National Honor Society, 10 percent graduated Magna Cum Laude and 10 graduated Summa Cum Laude.

### **Major Initiatives**

#### 2013-2014 School Year:

- Implementing the Common Core academic standards in English language arts and math, and the new Ohio academic standards in science, social studies, world languages, and fine arts.
- Continued development of common assessments in all subject areas to provide a vehicle for common instructional dialog and adjusting instruction to raise student achievement.
- Continue with the Ohio Improvement Process, providing teachers with collaboration time through a variety of modified schedules, early releases, and teacher meetings before and after school to discuss student achievement and adjust instruction. This process involves the District Leadership Team, Building Leadership Teams and Teacher Based Teams.
- Continued use of TestingWerks student data warehouse to provide teachers an electronic tool for storing and analyzing student data, as well as producing powerful growth and comparison reports. This system is also being used to electronically chart Progress Monitoring processes.
- Continue the use of benchmark assessments in reading and math, including DIBELS, Study Island, Scholastic Reading Inventory, and DRA.
- Adoption of a comprehensive K-4 Reading/Language Arts textbook with online resources for teachers and students and professional development for staff members in the use of the system.

- Adopted a comprehensive 5-8 Math textbook with online components and professional development in the use of the system.
- Continued expansion of technology in the classrooms including SMART Boards, tablets, I Pads, and Chromebooks. The high school and middle school now have complete wireless access for instruction.
- Continued Title I Reading services to students in the Early Childhood Center, Royal View and Albion Elementary, as well as North Royalton Middle School in reading and/or math. Continued ELL services for second language learners as well as specialized instruction for at risk students at all building levels.
- Continued use of the co-teaching model for special education students and utilizing effective strategies to increase achievement of these students.
- Continued use of Federal and State grant funds through the CCIP to match grant dollars with the most effective instructional practices and tools.
- Developed Student Growth Measures and Student Learning Objectives for all subjects to meet the requirements of student achievement growth data for the Ohio Teacher Evaluation System.

#### For the Future:

- Continue the curriculum review cycle, including implementation of grades K-4 Math textbook adoption, and grades 5-8 English language arts adoption.
- Adoption of science and social studies textbooks and internet based instructional materials.
- Continue the development of common assessments in all instructional areas to be used for professional dialog and increasing student achievement.
- Expand our Bring Your Own Device initiative by bringing the elementary schools to full wireless capability to mirror connectivity in the high school and middle school.
- Address the mandates of the Third Grade Reading Guarantee.
- Transfer data from the DIBELS web site and progress monitoring system to the TestingWerks system and transition from paper based Tier documentation to online databases.
- Affiliation for the 2015-2016 school year changed to the Suburban League for the competitive sports programs available for grades 7 through 12.
- Prepare students and staff for PARCC and State New Generation Online Testing.
- Expand the Title I Reading Services to Valley Vista Elementary.
- Add Advanced Placement Spanish Course to High School course offerings

#### **Long Term Planning**

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

#### **Relevant Financial Policies**

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

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

## **Awards**

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to North Royalton City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

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

## **Acknowledgments**

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

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

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

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

Respectfully submitted,



Biagio Sidoti, CPA  
Treasurer



Gregory Gurka  
Superintendent

**North Royalton City School District**

*Principal Officials*

*June 30, 2014*

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***Board of Education***

Dr. John Kelly .....President  
Ms. Barbara Zindroski..... Vice President  
Ms. Jacquelyn Arendt..... Member  
Ms. Susan Clark..... Member  
Ms. Anne Reinkober..... Member

***Treasurer***

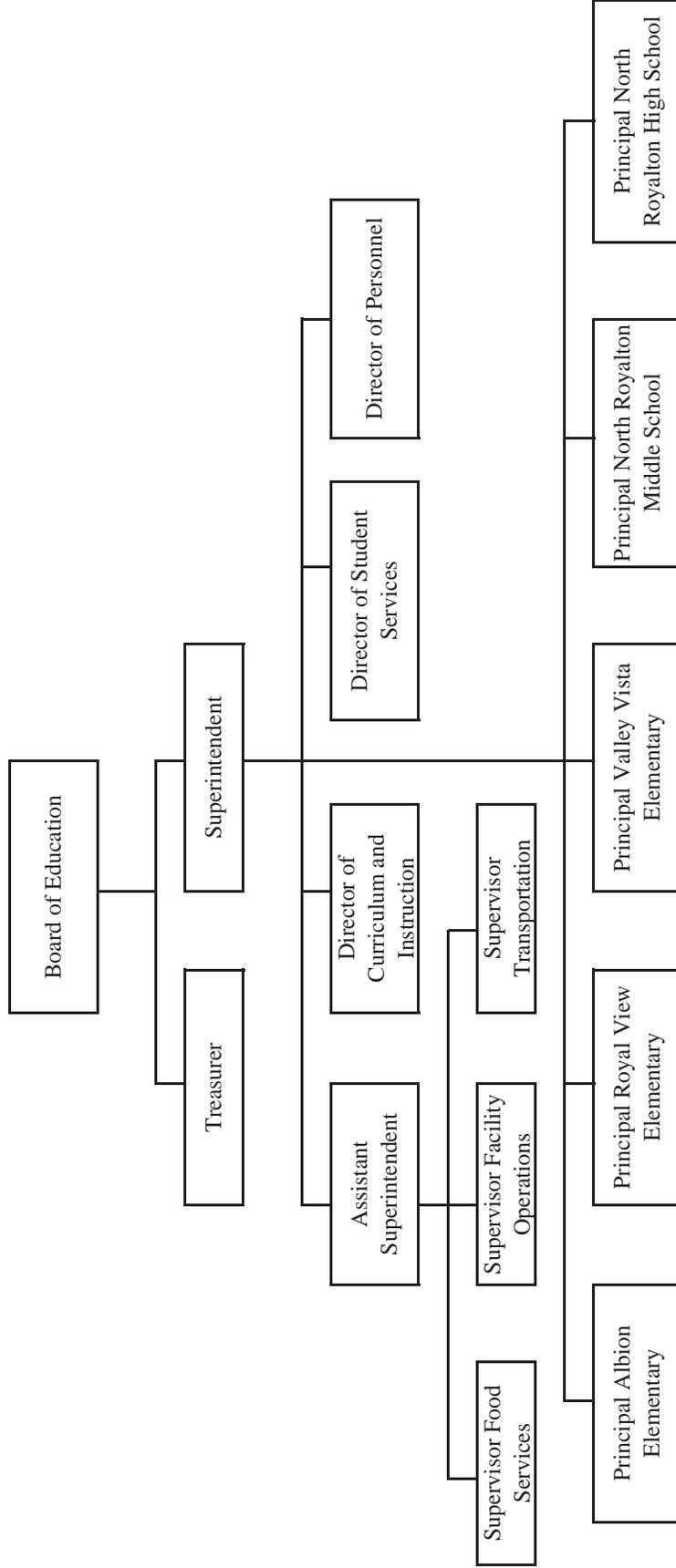
Mr. Biagio Sidoti, CPA

***Administration***

Mr. Greg Gurka ..... Superintendent  
Mr. James J. Presot.....Assistant Superintendent  
Mr. Patrick Farrell ..... Director of Personnel  
Ms. Melissa Vojta..... Director of Curriculum and Instruction  
Dr. Kathleen Spirakus ..... Director of Student Services

North Royalton City School District

Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**North Royalton City School District  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

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**FINANCIAL  
SECTION**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Royalton City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 24, 2014

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**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

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The discussion and analysis of North Royalton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2014 are as follows:

- ❑ The School District is committed to providing instructional staff with a wealth of student data to make decisions about teaching and learning. The School District purchased academic benchmarking software that is used throughout the School District to assess students' strengths and weaknesses. The School District also purchased an interactive data warehouse that teachers can access via the internet to make instructional decisions about groups of students as well as individual students.
- ❑ The School District is also committed to the Ohio Improvement Process, which is funded through grants, and includes focused professional development and release time for collaboration and assessment development. This process is also used in the development of teacher created pretests and posttest to provide Student Growth Measures for the Ohio Teacher Evaluation System.
- ❑ The School District values the education of our students and teachers. In fact, continuing education is a priority for our certificated staff, and 75 percent have achieved a Masters' degree or above. The Director of Curriculum and Instruction is an adjunct professor for Ashland University and regularly provides coursework at the North Royalton buildings for Ashland credit.
- ❑ The School District completed a strategic planning process during fiscal year 2010. Nearly 1,000 community and staff members participated in this process. In fiscal year 2014, the action steps have been initiated and/or completed.

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

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

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

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

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

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

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general and bond retirement debt service funds.

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

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

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

**The School District as a Whole**

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013:

**Table 1**  
 Net Position  
 Governmental Activities

	2014	2013	Change
<b>Assets</b>			
Current and Other Assets	\$55,656,680	\$55,326,812	\$329,868
Capital Assets, Net of Depreciation	23,450,616	24,484,028	(1,033,412)
<i>Total Assets</i>	<u>79,107,296</u>	<u>79,810,840</u>	<u>(703,544)</u>
<b>Deferred Outflows of Resources</b>	<u>620,766</u>	<u>761,317</u>	<u>140,551</u>
<b>Liabilities</b>			
Current and Other Liabilities	5,995,837	5,892,082	(103,755)
Long-Term Liabilities:			
Due Within One Year	1,848,572	1,732,286	(116,286)
Due in More Than One Year	15,076,011	16,932,714	1,856,703
<i>Total Liabilities</i>	<u>22,920,420</u>	<u>24,557,082</u>	<u>1,636,662</u>
<b>Deferred Inflows of Resources</b>	<u>29,977,643</u>	<u>32,117,602</u>	<u>2,139,959</u>
<b>Net Position</b>			
Net Investment in Capital Assets	10,606,317	10,136,598	469,719
Restricted for:			
Capital Projects	1,187,413	1,005,491	181,922
Debt Service	3,783,910	3,755,928	27,982
Other Purposes	625,876	575,421	50,455
Unrestricted	<u>10,626,483</u>	<u>8,424,035</u>	<u>2,202,448</u>
<i>Total Net Position</i>	<u>\$26,829,999</u>	<u>\$23,897,473</u>	<u>\$2,932,526</u>

Total net position increased significantly during fiscal year 2014 due to significant increases in operating grants and contributions and property tax revenue, as well as the School District being able to slightly reduce its expenses. Management continues to diligently plan expenses, staying carefully within the School District's revenues.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

Table 2 shows total revenues, expenses and changes in net position for fiscal years 2014 and 2013.

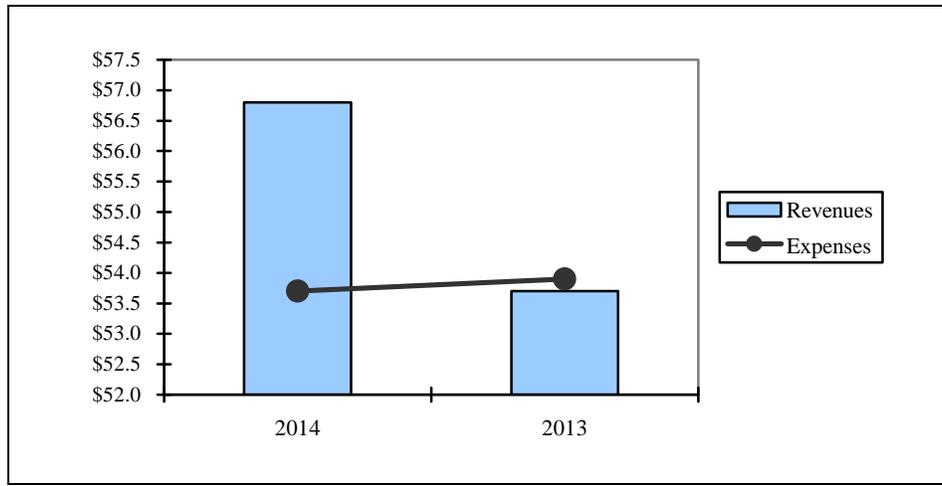
**Table 2**  
 Governmental Activities

	2014	2013	Change
<b>Program Revenues</b>			
Charges for Services and Sales	\$2,048,757	\$2,125,027	(\$76,270)
Operating Grants and Contributions	3,803,100	2,683,068	1,120,032
Capital Grants and Contributions	77,351	314,693	(237,342)
<i>Total Program Revenues</i>	<u>5,929,208</u>	<u>5,122,788</u>	<u>806,420</u>
<b>General Revenues</b>			
Property Taxes	39,653,972	38,075,329	1,578,643
Grants and Entitlements not			
Restricted to Specific Programs	10,646,928	10,352,797	294,131
Unrestricted Contributions	3,304	0	3,304
Investment Earnings	103,857	2,574	101,283
Gain on Sale of Capital Assets	8,322	0	8,322
Miscellaneous	278,948	186,824	92,124
<i>Total General Revenues</i>	<u>50,695,331</u>	<u>48,617,524</u>	<u>2,077,807</u>
<i>Total Revenues</i>	<u>56,624,539</u>	<u>53,740,312</u>	<u>2,884,227</u>
<b>Program Expenses</b>			
Instruction:			
Regular	26,652,053	25,854,788	(797,265)
Special	4,653,937	3,515,628	(1,138,309)
Vocational	30,544	117,329	86,785
Student Intervention Services	45,732	1,137,695	1,091,963
Support Services:			
Pupil	3,098,915	3,022,582	(76,333)
Instructional Staff	2,443,880	2,591,553	147,673
Board of Education	38,560	42,802	4,242
Administration	3,154,290	3,451,156	296,866
Fiscal	1,291,997	1,268,445	(23,552)
Business	366,020	350,442	(15,578)
Operation and Maintenance of Plant	3,695,103	4,027,974	332,871
Pupil Transportation	4,009,801	3,631,902	(377,899)
Central	201,333	601,508	400,175
Operation of Non-Instructional Services	944,531	1,070,930	126,399
Operation of Food Services	1,285,407	1,141,926	(143,481)
Extracurricular Activities	1,214,962	1,191,528	(23,434)
Interest and Fiscal Charges	564,948	834,421	269,473
<i>Total Program Expenses</i>	<u>53,692,013</u>	<u>53,852,609</u>	<u>160,596</u>
<i>Change in Net Position</i>	2,932,526	(112,297)	3,044,823
<i>Net Position Beginning of Year</i>	<u>23,897,473</u>	<u>24,009,770</u>	<u>(112,297)</u>
<i>Net Position End of Year</i>	<u>\$26,829,999</u>	<u>\$23,897,473</u>	<u>\$2,932,526</u>

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

**Graph 1**  
 Revenues and Expenses  
 (In Millions)

	2014	2013
Revenues	\$56.6	\$53.7
Expenses	53.7	53.9



The two largest governmental activities expenses are related to regular and special instruction. The largest decrease in governmental activities expenses from fiscal year 2013 to fiscal year 2014 is related to student intervention services due to account code changes from the prior fiscal year.

***Governmental Activities***

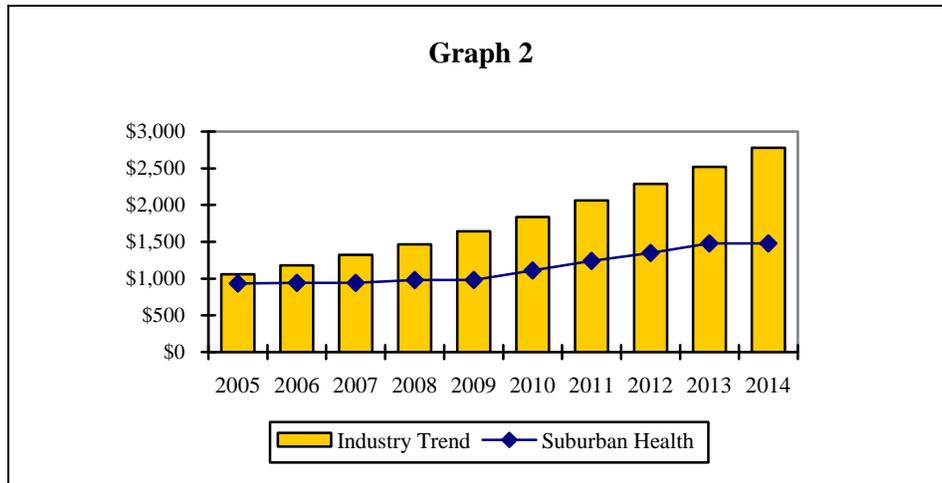
The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay less than \$35 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. The increase to operating grants and contributions was caused by increases in Federal grant funding and special education funding from the State. The increase in property tax revenue was due to an increase in the amount available as an advance.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

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The School District is a member of the Suburban Health Consortium (the "Consortium"). The Consortium is a shared risk pool created pursuant to State statute for the purpose of maximizing benefits and/or reducing costs of health care benefits. To date the Consortium has been an overwhelming success. The following graph compares the School District's costs for medical and prescription drug insurance as a result of participating in the Consortium versus what the costs would have been if the School District had experienced the health industry inflationary trends for the same time period.



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

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the School District. Almost 95 percent of governmental activities are supported through taxes and other general revenues. The community, as a whole, is by far the primary support for North Royalton City School District students.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

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

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction:				
Regular	\$26,652,053	(\$25,547,676)	\$25,854,788	(\$24,662,674)
Special	4,653,937	(3,087,154)	3,515,628	(3,515,628)
Vocational	30,544	(24,180)	117,329	(117,329)
Student Intervention Services	45,732	(36,231)	1,137,695	(1,110,272)
Support Services:				
Pupil	3,098,915	(3,050,552)	3,022,582	(3,022,582)
Instructional Staff	2,443,880	(2,317,392)	2,591,553	(1,806,065)
Board of Education	38,560	(37,992)	42,802	(42,802)
Administration	3,154,290	(3,052,240)	3,451,156	(3,401,399)
Fiscal	1,291,997	(1,272,131)	1,268,445	(1,029,316)
Business	366,020	(360,696)	350,442	(350,442)
Operation and Maintenance of Plant	3,695,103	(3,601,484)	4,027,974	(3,858,699)
Pupil Transportation	4,009,801	(3,760,918)	3,631,902	(3,391,418)
Central	201,333	(198,567)	601,508	(601,508)
Operation of Non-Instructional Services	944,531	(124,907)	1,070,930	879,024
Operation of Food Services	1,285,407	(148,651)	1,141,926	(1,141,926)
Extracurricular Activities	1,214,962	(577,086)	1,191,528	(722,364)
Interest and Fiscal Charges	564,948	(564,948)	834,421	(834,421)
<i>Total</i>	<u>\$53,692,013</u>	<u>(\$47,762,805)</u>	<u>\$53,852,609</u>	<u>(\$48,729,821)</u>

**The School District's Funds**

Information regarding the School District's major funds begins on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$56,845,140 and expenditures of \$54,271,383. The general fund had an increase in fund balance mainly due to increases in property tax revenue. The bond retirement debt service fund continues to make the bonded debt service requirements. Other governmental funds had an increase in fund balance due to an increase in property tax revenue and a slight decrease in expenditures. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes from the communities that comprise the School District are the largest revenue source, accounting for over 70 percent of total revenue.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2014, the School District amended its general fund budget several times. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenses but provide flexibility for program based decisions and management.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

Due to conservative estimates for property taxes and tuition and fees, final budgeted revenue was almost \$1 million higher than originally budgeted for while the final budgeted expenditures were \$339,069 lower than originally budgeted for. Actual revenues and expenditures were right in line with final budgets. This is due in large part to the School District's continued commitment to provide a quality education while still controlling costs.

**Capital Assets and Debt Administration**

*Capital Assets*

Table 4 shows fiscal 2014 balances compared to 2013:

**Table 4**  
 Capital Assets at June 30  
 (Net of Depreciation)  
 Governmental Activities

	2014	2013
Land	\$560,140	\$560,140
Land Improvements	100,257	121,240
Buildings and Improvements	21,167,248	22,250,933
Furniture and Equipment	325,121	321,082
Vehicles	1,297,850	1,230,633
<i>Total Capital Assets</i>	\$23,450,616	\$24,484,028

During fiscal year 2014, the School District spent roughly the same as fiscal year 2013 for capital assets. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements. For fiscal year 2014, this amounted to \$768,082 for the set aside. See Note 9 to the basic financial statements for additional information on the School District's capital assets and Note 19 for additional information regarding required set-asides.

*Debt*

Table 5 summarizes the bonds outstanding.

**Table 5**  
 Outstanding Debt at Fiscal Year End  
 Governmental Activities

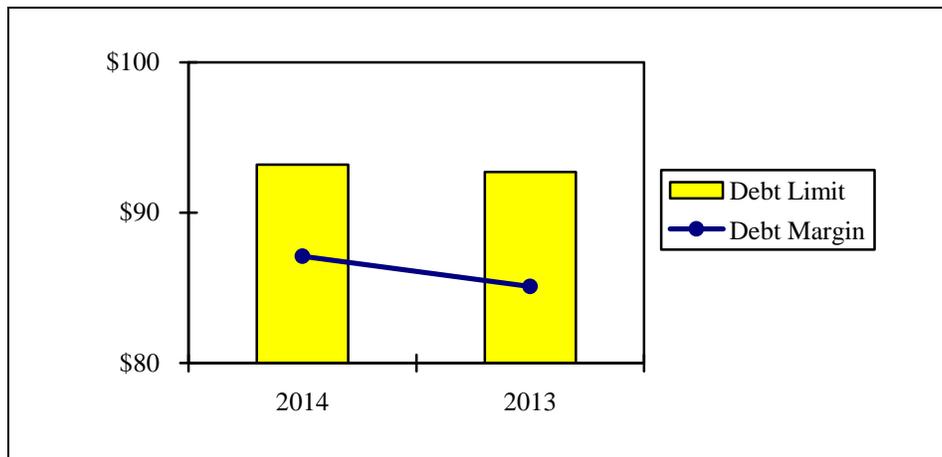
	2014	2013
2011 Certificates of Participation	\$2,909,711	\$2,973,219
2005 School Improvement Bonds	10,555,354	12,135,528
<i>Total</i>	\$13,465,065	\$15,108,747

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

The School District's overall legal debt margin increased to \$87.1 million. This is the additional amount of debt the School District could issue. The debt margin increased from fiscal year 2013 due to increasing property valuations. See Note 14 to the basic financial statements for detail on the School District's long-term obligations.

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

	2014	2013
Overall Debt Limit	\$93.2	\$92.7
Overall Debt Margin	87.1	85.1



**School District Outlook**

The School District has been successful in continuing to maintain its strong academic programs while maintaining one of the lowest per pupil expenditure levels in Cuyahoga County. State funding changes, limited local tax revenue growth inherent with Ohio's tax structure and the renovation of the School District's aging facilities will present the most significant challenges to the School District in the future.

During fiscal year 2010, the School District completed a strategic planning process. This process engaged all segments of the school community in focus groups and action planning teams. The five year strategic plan is now used to guide the School District's decision making process. During the past four school years a majority of the action steps included in the plan were initiated and/or completed.

The State of Ohio's 2012-2013 biennium budget reduced State funding to the School District by approximately three million dollars over the two year period. The Legislative Service Commission projects the 2014-2015 budget to increase State funding to the School District by approximately \$300,000 the first year and \$500,000 the second year of the biennium.

**North Royalton City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

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Residential development continues to take place in both the cities of North Royalton and Broadview Heights. The School District's enrollment projection, updated in 2012, reflects student enrollment to remain at present levels over the next ten years. The School District's facilities have reached maximum capacity. As a stopgap measure, the School District leased four buildings from the City of Broadview Heights to house preschool and kindergarten students beginning in fiscal year 2005. This freed classroom space at the elementary level and enabled redistricting, achieving a better balance of student enrollment at each of the elementary schools.

The School District contracted with an architectural firm and a construction management firm to update the facilities master plan. A citizen advisory group, working with the School District and the firms, prepared a long-term solution to the facilities issues. The Board of Education reviewed and accepted the recommendations and submitted a \$54.3 million bond issue to the community at the November 2012 general election. The bond issue was not approved.

The School District contracted with Triad Research to conduct a random survey of registered voters regarding the facilities issue. The survey results indicated 62 percent of the respondents definitely or probably for the issue, 30 percent probably or definitely against and 8 percent undecided with an error range of plus or minus 5 percent. Two components of the issue, a new locker room and a transportation facility, were viewed less essential when compared to the other components.

The survey also queried those respondents definitely or probably against if the School District removed the locker room and transportation facility from the issue if that would increase their likelihood of voting for the revised bond issue. The response indicated a positive seven point swing in favor of the issue with the removal of those two components.

The School District placed a bond issue on the November 2013 ballot without the new locker room and transportation facility. This bond issue was also not successful. The School District is now placing a \$28.4 million bond issue and a one mill permanent improvement issue on the November 2014 general election. The decision to place the November 2014 issue on the ballot came from community input requesting the amount of the bond to be less than \$30 million, the term of the bonds be less than 35 years and to incorporate a plan that provided for the ongoing maintenance needs of our facilities.

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

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

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

## **Basic Financial Statements**

**North Royalton City School District**

*Statement of Net Position*

*June 30, 2014*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$16,659,212
Accounts Receivable	15,725
Intergovernmental Receivable	394,695
Accrued Interest Receivable	528
Taxes Receivable	38,493,337
Inventory Held for Resale	9,014
Materials and Supplies Inventory	84,169
Nondepreciable Capital Assets	560,140
Depreciable Capital Assets, Net	<u>22,890,476</u>
<i>Total Assets</i>	<u>79,107,296</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	<u>620,766</u>
<b>Liabilities</b>	
Accounts Payable	471,853
Accrued Wages and Benefits	4,005,037
Matured Compensated Absences Payable	220,797
Vacation Benefits Payable	138,921
Intergovernmental Payable	1,090,457
Accrued Interest Payable	46,880
Claims Payable	21,892
Long-Term Liabilities:	
Due Within One Year	1,848,572
Due In More Than One Year	<u>15,076,011</u>
<i>Total Liabilities</i>	<u>22,920,420</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	<u>29,977,643</u>
<b>Net Position</b>	
Net Investment in Capital Assets	10,606,317
Restricted for:	
Capital Projects	1,187,413
Debt Service	3,783,910
Other Purposes	625,876
Unrestricted	<u>10,626,483</u>
<i>Total Net Position</i>	<u>\$26,829,999</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2014*

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
<b>Governmental Activities</b>					Governmental Activities
<b>Instruction:</b>					
Regular	\$26,652,053	\$372,506	\$713,032	\$18,839	(\$25,547,676)
Special	4,653,937	54,571	1,512,212	0	(3,087,154)
Vocational	30,544	367	5,997	0	(24,180)
Student Intervention Services	45,732	9,501	0	0	(36,231)
<b>Support Services:</b>					
Pupil	3,098,915	44,924	3,439	0	(3,050,552)
Instructional Staff	2,443,880	34,597	91,891	0	(2,317,392)
Board of Education	38,560	568	0	0	(37,992)
Administration	3,154,290	43,843	53,741	4,466	(3,052,240)
Fiscal	1,291,997	18,303	0	1,563	(1,272,131)
Business	366,020	5,324	0	0	(360,696)
Operation and Maintenance of Plant	3,695,103	51,467	38,973	3,179	(3,601,484)
Pupil Transportation	4,009,801	50,593	148,986	49,304	(3,760,918)
Central	201,333	2,766	0	0	(198,567)
Operation of Non-Instructional Services	944,531	1,122	818,502	0	(124,907)
Operation of Food Services	1,285,407	741,654	395,102	0	(148,651)
Extracurricular Activities	1,214,962	616,651	21,225	0	(577,086)
Interest and Fiscal Charges	564,948	0	0	0	(564,948)
<b>Totals</b>	<b>\$53,692,013</b>	<b>\$2,048,757</b>	<b>\$3,803,100</b>	<b>\$77,351</b>	<b>(47,762,805)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	37,029,906
Debt Service	1,685,638
Capital Outlay	938,428
Grants and Entitlements not Restricted to Specific Programs	10,646,928
Unrestricted Contributions	3,304
Investment Earnings	103,857
Gain on Sale of Capital Assets	8,322
Miscellaneous	278,948

*Total General Revenues* 50,695,331

Change in Net Position 2,932,526

*Net Position Beginning of Year* 23,897,473

*Net Position End of Year* \$26,829,999

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Balance Sheet  
Governmental Funds  
June 30, 2014*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$11,198,420	\$3,393,259	\$1,872,230	\$16,463,909
Property Taxes Receivable	35,948,105	1,636,221	909,011	38,493,337
Accounts Receivable	9,490	0	6,235	15,725
Accrued Interest Receivable	528	0	0	528
Intergovernmental Receivable	101,575	0	293,120	394,695
Interfund Receivable	88,361	70,940	0	159,301
Inventory Held for Resale	0	0	9,014	9,014
Materials and Supplies Inventory	81,437	0	2,732	84,169
<i>Total Assets</i>	<u>\$47,427,916</u>	<u>\$5,100,420</u>	<u>\$3,092,342</u>	<u>\$55,620,678</u>
<b>Liabilities</b>				
Accounts Payable	\$290,926	\$0	\$178,851	\$469,777
Accrued Wages and Benefits	3,908,443	0	96,594	4,005,037
Interfund Payable	0	0	159,301	159,301
Intergovernmental Payable	1,037,211	0	53,246	1,090,457
Matured Compensated Absences Payable	212,382	0	8,415	220,797
Accrued Interest Payable	0	0	528	528
<i>Total Liabilities</i>	<u>5,448,962</u>	<u>0</u>	<u>496,935</u>	<u>5,945,897</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	28,001,842	1,270,158	705,643	29,977,643
Unavailable Revenue	1,190,736	54,854	128,923	1,374,513
<i>Total Deferred Inflows of Resources</i>	<u>29,192,578</u>	<u>1,325,012</u>	<u>834,566</u>	<u>31,352,156</u>
<b>Fund Balances</b>				
Nonspendable	81,437	0	2,732	84,169
Restricted	0	3,775,408	1,833,668	5,609,076
Committed	0	0	1,200	1,200
Assigned	870,004	0	0	870,004
Unassigned (Deficit)	11,834,935	0	(76,759)	11,758,176
<i>Total Fund Balances</i>	<u>12,786,376</u>	<u>3,775,408</u>	<u>1,760,841</u>	<u>18,322,625</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$47,427,916</u>	<u>\$5,100,420</u>	<u>\$3,092,342</u>	<u>\$55,620,678</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2014*

<b>Total Governmental Fund Balances</b>	<b>\$18,322,625</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,450,616
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.	
Delinquent Property Taxes	1,276,064
Intergovernmental	98,449
Total	1,374,513
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	171,335
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.	620,766
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(46,352)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(138,921)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(3,459,518)
General Obligation Bonds	(10,555,354)
Certificates of Participation	(2,909,711)
Total	(16,924,583)
<i>Net Position of Governmental Activities</i>	<b>\$26,829,999</b>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2014*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$37,311,223	\$1,708,601	\$949,222	\$39,969,046
Intergovernmental	10,984,022	231,473	3,044,664	14,260,159
Interest	103,589	0	839	104,428
Tuition and Fees	714,953	0	0	714,953
Extracurricular Activities	238,185	0	254,767	492,952
Contributions and Donations	34,979	0	136,525	171,504
Charges for Services	400	0	741,654	742,054
Rentals	47,936	0	63,160	111,096
Miscellaneous	247,856	0	31,092	278,948
<i>Total Revenues</i>	<u>49,683,143</u>	<u>1,940,074</u>	<u>5,221,923</u>	<u>56,845,140</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	25,455,034	0	646,313	26,101,347
Special	3,734,240	0	857,922	4,592,162
Vocational	39,895	0	0	39,895
Student Intervention Services	45,732	0	0	45,732
Support Services:				
Pupil	3,015,977	0	3,320	3,019,297
Instructional Staff	2,347,838	0	68,116	2,415,954
Board of Education	38,560	0	0	38,560
Administration	2,953,397	0	87,049	3,040,446
Fiscal	1,265,708	24,302	13,502	1,303,512
Business	359,745	0	0	359,745
Operation and Maintenance of Plant	3,504,868	0	67,916	3,572,784
Pupil Transportation	3,431,705	0	425,781	3,857,486
Central	225,832	0	0	225,832
Operation of Non-Instructional Services	76,196	0	818,185	894,381
Operation of Food Services	0	0	1,286,438	1,286,438
Extracurricular Activities	863,594	0	333,641	1,197,235
Capital Outlay	0	0	208,234	208,234
Debt Service:				
Principal Retirement	0	1,425,000	65,000	1,490,000
Interest and Fiscal Charges	0	444,091	138,252	582,343
<i>Total Expenditures</i>	<u>47,358,321</u>	<u>1,893,393</u>	<u>5,019,669</u>	<u>54,271,383</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,324,822</u>	<u>46,681</u>	<u>202,254</u>	<u>2,573,757</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	8,322	0	0	8,322
Transfers In	0	0	118,000	118,000
Transfers Out	(118,000)	0	0	(118,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(109,678)</u>	<u>0</u>	<u>118,000</u>	<u>8,322</u>
<i>Net Change in Fund Balances</i>	2,215,144	46,681	320,254	2,582,079
<i>Fund Balances Beginning of Year</i>	<u>10,571,232</u>	<u>3,728,727</u>	<u>1,440,587</u>	<u>15,740,546</u>
<i>Fund Balances End of Year</i>	<u>\$12,786,376</u>	<u>\$3,775,408</u>	<u>\$1,760,841</u>	<u>\$18,322,625</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2014*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$2,582,079</b>
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*Amounts reported for governmental activities in the  
statement of activities are different because:*

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

Capital Outlay	464,781	
Depreciation	<u>(1,498,193)</u>	
Total		(1,033,412)

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

Delinquent Property Taxes	(315,074)	
Intergovernmental	98,449	
Tuition and Fees	<u>(12,298)</u>	
Total		(228,923)

Repayment of bond and certificates of participation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,490,000

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

Accrued Interest on Bonds	4,264	
Amortization of Discount on Certificates of Participation	(1,492)	
Amortization of Premium on Bonds	155,174	
Amortization of Deferred Charge on Refunding	<u>(140,551)</u>	
Total		17,395

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

Compensated Absences	96,735	
Vacation Benefits Payable	<u>(6,359)</u>	
Total		90,376

The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statements of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 15,011

<i>Change in Net Position of Governmental Activities</i>	<u><u>\$2,932,526</u></u>
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See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$34,810,219	\$35,234,265	\$35,234,265	\$0
Intergovernmental	10,430,730	10,882,447	10,882,447	0
Interest	47,000	32,921	43,259	10,338
Tuition and Fees	644,700	701,066	703,644	2,578
Extracurricular Activities	159,800	158,496	158,496	0
Contributions and Donations	1,000	3,304	3,304	0
Charges for Services	1,000	400	400	0
Rentals	49,700	49,375	49,375	0
Miscellaneous	91,500	99,880	99,880	0
<i>Total Revenues</i>	46,235,649	47,162,154	47,175,070	12,916
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	25,886,693	25,423,112	25,423,112	0
Special	3,401,900	3,683,100	3,683,100	0
Vocational	137,300	54,486	54,486	0
Support Services:				
Pupil	3,026,387	3,044,012	3,044,012	0
Instructional Staff	2,498,446	2,277,443	2,277,443	0
Board of Education	42,350	38,768	38,768	0
Administration	2,983,300	3,089,648	3,086,674	2,974
Fiscal	1,231,805	1,278,862	1,278,862	0
Business	339,500	342,642	342,640	2
Operation and Maintenance of Plant	3,650,800	3,641,287	3,641,287	0
Pupil Transportation	3,447,200	3,456,071	3,456,069	2
Central	263,800	212,635	212,635	0
Operation of Non-Instructional Services	75,800	72,231	72,231	0
Extracurricular Activities	823,400	855,315	855,315	0
<i>Total Expenditures</i>	47,808,681	47,469,612	47,466,634	2,978
<i>Excess of Revenues Under Expenditures</i>	(1,573,032)	(307,458)	(291,564)	15,894
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	1,000	8,322	8,322	0
Advances Out	(176,721)	(176,721)	(88,361)	88,360
Transfers Out	(118,000)	(118,000)	(118,000)	0
<i>Total Other Financing Sources (Uses)</i>	(293,721)	(286,399)	(198,039)	88,360
<i>Net Change in Fund Balance</i>	(1,866,753)	(593,857)	(489,603)	104,254
<i>Fund Balance Beginning of Year</i>	10,963,280	10,963,280	10,963,280	0
Prior Year Encumbrances Appropriated	262,019	262,019	262,019	0
<i>Fund Balance End of Year</i>	\$9,358,546	\$10,631,442	\$10,735,696	\$104,254

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Statement of Fund Net Position*

*Internal Service Fund*

*June 30, 2014*

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	<u>Self Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$195,303</u>
<b>Liabilities</b>	
Accounts Payable	2,076
Claims Payable	<u>21,892</u>
<i>Total Liabilities</i>	<u>23,968</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$171,335</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2014*

	<u>Self Insurance</u>
<b>Operating Revenues</b>	
Charges for Services	\$139,477
<b>Operating Expenses</b>	
Purchased Services	14,376
Claims	110,090
<i>Total Operating Expenses</i>	124,466
<i>Change in Net Position</i>	15,011
<i>Net Position Beginning of Year</i>	156,324
<i>Net Position End of Year</i>	\$171,335

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Cash Flows*  
*Internal Service Fund*  
*For the Fiscal Year Ended June 30, 2014*

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	<u>Self Insurance</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$139,477
Cash Payments for Purchased Services	(24,656)
Cash Payments for Claims	<u>(108,870)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	5,951
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>189,352</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$195,303</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$15,011
Adjustments:	
Decrease in Accounts Payable	(10,280)
Increase in Claims Payable	<u>1,220</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$5,951</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2014*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$233,915</u></u>
<b>Liabilities</b>	
Due to Students	<u><u>\$233,915</u></u>

See accompanying notes to the basic financial statements

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

North Royalton City School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms.

The School District is located in a suburban area south of Cleveland, Ohio. It is located in Cuyahoga County and encompasses nearly all of the City of North Royalton and a smaller portion of the City of Broadview Heights. It is staffed by 248 classified employees and 310 certified personnel who provide services to 4,647 students and other community members. The School District currently operates three elementary buildings, one middle school, one high school, an administrative building, a maintenance garage and a bus garage.

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

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

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

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

The School District participates in three jointly governed organizations and a shared risk pool. These organizations are the North Coast Council, Cuyahoga Valley Career Center, Ohio Schools Council Association and the Suburban Health Consortium which are presented in Notes 16 and 18 to the basic financial statements.

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

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described as follows.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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### ***Basis of Presentation***

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

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

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

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

### ***Fund Accounting***

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

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

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

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

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

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

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

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

### ***Measurement Focus***

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

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

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

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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### ***Basis of Accounting***

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and tuition. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

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

### ***Budgetary Process***

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

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

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

### ***Cash and Investments***

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

During fiscal year 2014, investments were limited to Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds, Federal Farm Credit Bank Bonds, and STAR Ohio, the State Treasurer's Investment Pool. Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on June 30, 2014.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$103,589, which includes \$32,559 assigned from other School District funds.

## North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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

### ***Inventory***

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

### ***Capital Assets***

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

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

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

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

### ***Interfund Balances***

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

### ***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the School District's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

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

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

### ***Accrued Liabilities and Long-Term Obligations***

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

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

### ***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for athletic, food service and school programs.

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

### ***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated. The School District Board of Education assigned fund balance to cover a gap between fiscal year 2015's estimated revenue and appropriated budget. The Board also assigned fund balances for adult education and public school support.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### ***Operating Revenues and Expenses***

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

### ***Bond Premiums and Discounts***

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bond discounts are expended in the year the bonds are issued.

### ***Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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### ***Internal Activity***

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

### ***Estimates***

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

### **Note 3 – Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Investments are reported at cost (budget) rather than fair value (GAAP).
3. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
4. Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed, or assigned (GAAP).
6. Budgetary revenues and expenditures of the adult education and public school support funds are classified to general fund for GAAP reporting.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

	Net Change in Fund Balance
GAAP Basis	\$2,215,144
Net Adjustment for Revenue Accruals	(2,708,359)
Beginning Fair Value Adjustment for Investments	(49,096)
Ending Fair Value Adjustment for Investments	(11,777)
Net Adjustment for Expenditure Accruals	530,697
Advances Out	(88,361)
Encumbrances	(332,968)
Perspective Difference:	
Adult Education	(21,153)
Public School Support	(23,730)
Budget Basis	<u><u>(\$489,603)</u></u>

**Note 4 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;

## North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

### Deposits

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$3,393,145 of the School District's bank balance of \$9,000,782 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

### Investments

As of June 30, 2014, the School District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-2	2-3	3-5
Federal Home Loan Bank Bonds	\$1,501,815	\$0	\$0	\$1,501,815	\$0
Federal Home Loan Mortgage Corporation Bonds	2,500,881	0	999,403	0	1,501,478
Federal Farm Credit Bank Bonds	2,976,884	0	0	1,987,722	989,162
STAR Ohio	1,208,045	1,208,045	0	0	0
Total Investments	<u>\$8,187,625</u>	<u>\$1,208,045</u>	<u>\$999,403</u>	<u>\$3,489,537</u>	<u>\$2,490,640</u>

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

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

**Concentration of Credit Risk** The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2014:

<u>Investment</u>	<u>Percentage of Investments</u>
Federal Home Loan Bank Bonds	18.34 %
Federal Home Loan Mortgage Corporation Bonds	30.54
Federal Farm Credit Bank Bonds	36.36

**Note 5 – Fund Deficits**

The following funds had deficit fund balances:

<u>Fund</u>	<u>Deficit</u>
Preschool Grant	(\$304)
Miscellaneous Federal Grants	(8,086)
Building	(68,369)

These deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

**Note 6 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

Fund Balances	General	Bond Retirement	Governmental Funds	Total
<b><i>Nonspendable:</i></b>				
Inventory	\$81,437	\$0	\$2,732	\$84,169
<b><i>Restricted for:</i></b>				
Debt Service Payments	0	3,775,408	0	3,775,408
Food Service Operations	0	0	311,807	311,807
Local Grants	0	0	57,473	57,473
Athletics	0	0	109,552	109,552
Auxiliary Services	0	0	14,670	14,670
Title VI-B	0	0	109,053	109,053
Immigrant Education	0	0	3,532	3,532
Title I	0	0	45,424	45,424
Class Size Reduction	0	0	25,218	25,218
Capital Improvements	0	0	1,156,939	1,156,939
<b><i>Total Restricted</i></b>	<b>0</b>	<b>3,775,408</b>	<b>1,833,668</b>	<b>5,609,076</b>
<b><i>Committed to:</i></b>				
College Scholarships	0	0	1,200	1,200
<b><i>Assigned to:</i></b>				
Purchases on Order	142,319	0	0	142,319
2015 Appropriations	611,607	0	0	611,607
Adult Education	13,243	0	0	13,243
Public School Support	102,835	0	0	102,835
<b><i>Total Assigned</i></b>	<b>870,004</b>	<b>0</b>	<b>0</b>	<b>870,004</b>
<b><i>Unassigned (Deficit):</i></b>	<b>11,834,935</b>	<b>0</b>	<b>(76,759)</b>	<b>11,758,176</b>
<b>Total Fund Balances</b>	<b>\$12,786,376</b>	<b>\$3,775,408</b>	<b>\$1,760,841</b>	<b>\$18,322,625</b>

**Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

## North Royalton City School District

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

Public utility property tax revenues received in calendar year 2014 represent the collections of calendar year 2013 taxes. Public utility real taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in calendar year 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the real property and public utility property taxes which were measurable as of June 30, 2014, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2014 was \$6,755,528 in the general fund, \$311,209 in the bond retirement debt service fund, and \$172,894 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2013 was \$4,678,569 in the general fund, \$215,646 in the bond retirement debt service fund, and \$119,804 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Fiscal Officer.

Collectible delinquent property taxes have been recorded as a receivable and revenue on a full accrual basis. On a modified accrual basis, the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,010,561,140	98.11 %	\$1,014,049,520	97.93 %
Public Utility Personal	19,486,420	1.89	21,388,440	2.07
Total	<u>\$1,030,047,560</u>	<u>100.00 %</u>	<u>\$1,035,437,960</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$65.70		\$65.70	

### Note 8 – Receivables

Receivables at June 30, 2014, consisted of taxes, tuition, interest, student fees and rentals. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

At June 30, 2014 the School District had the following intergovernmental receivables:

	<u>Amount</u>
<b>Governmental Activities:</b>	
Title I Grant	\$141,436
Catastrophic Aid	92,625
Title VI-B Grant	76,018
Title II-A Grant	42,126
Immigrant Education Grants	33,540
Miscellaneous	<u>8,950</u>
<b>Total Governmental Activities</b>	<u><u>\$394,695</u></u>

**Note 9 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/14</u>
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$560,140	\$0	\$0	\$560,140
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	1,125,406	0	0	1,125,406
Buildings and Improvements	45,837,153	0	0	45,837,153
Furniture and Equipment	3,339,455	102,353	0	3,441,808
Vehicles	<u>4,513,875</u>	<u>362,428</u>	<u>(116,374)</u>	<u>4,759,929</u>
<b><i>Total Capital Assets being Depreciated</i></b>	<u>54,815,889</u>	<u>464,781</u>	<u>(116,374)</u>	<u>55,164,296</u>
Less Accumulated Depreciation:				
Land Improvements	(1,004,166)	(20,983)	0	(1,025,149)
Buildings and Improvements	(23,586,220)	(1,083,685)	0	(24,669,905)
Furniture and Equipment	(3,018,373)	(98,314)	0	(3,116,687)
Vehicles	<u>(3,283,242)</u>	<u>(295,211)</u>	<u>116,374</u>	<u>(3,462,079)</u>
<b><i>Total Accumulated Depreciation</i></b>	<u>(30,892,001)</u>	<u>(1,498,193) *</u>	<u>116,374</u>	<u>(32,273,820)</u>
<b><i>Total Assets being Depreciated, Net</i></b>	<u>23,923,888</u>	<u>(1,033,412)</u>	<u>0</u>	<u>22,890,476</u>
<b><i>Governmental Activities</i></b>				
<b><i>Capital Assets, Net</i></b>	<u><u>\$24,484,028</u></u>	<u><u>(\$1,033,412)</u></u>	<u><u>\$0</u></u>	<u><u>\$23,450,616</u></u>

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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

Instruction:	
Regular	\$634,529
Special	79,017
Vocational	5,723
Support Services:	
Pupil	45,220
Instructional Staff	28,276
Administration	105,943
Fiscal	11,311
Business	4,524
Operation and Maintenance of Plant	135,766
Pupil Transportation	368,377
Central	13,573
Operation of Non-Instructional Services	554
Operation of Food Service	48,691
Extracurricular Activities	16,689
Total Depreciation Expense	<u>\$1,498,193</u>

### **Note 10 – Pension Plans**

#### ***School Employees Retirement System***

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$965,372, \$908,538, and \$823,119, respectively. For fiscal year 2014, 65.81 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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### ***State Teachers Retirement System***

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

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

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$2,948,325 and \$62,941 for the fiscal year ended June 30, 2014, \$2,921,947 and \$65,962 for the fiscal year ended June 30, 2013, and \$2,992,640 and \$73,512 for the fiscal year ended June 30, 2012. For fiscal year 2014, 82.6 percent has been contributed for the DB plan and 82.6 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2014 were \$67,698 made by the School District and \$53,191 made by the plan members. In addition, member contributions of \$49,453 were made for fiscal year 2014 for the defined contribution portion of the Combined Plan.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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### **Note 11 – Postemployment Benefits**

#### ***School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,525. During fiscal year 2014, the School District paid \$138,066 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$10,317, \$11,097, and \$38,473, respectively. For fiscal year 2014, 65.81 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012, were \$56,006, \$51,322, and \$52,463, respectively. For fiscal year 2014, 65.81 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

#### ***State Teachers Retirement System***

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$231,636, \$229,839, and \$235,858, respectively. For fiscal year 2014, 82.6 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

### **Note 12 – Other Employee Benefits**

#### ***Compensated Absences***

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. All employees who are eligible to retire receive a severance benefit upon retirement limited to twenty-five percent of accumulated sick leave. For classified employees the maximum pay out is limited to 87.5 days. For certified employees and certain administrators, the maximum payout is determined by their individual contracts.

#### ***Life Insurance***

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

### **Note 13 – Interfund Transaction**

#### ***Interfund Transfers***

The general fund made a \$45,000 transfer to the athletics and music special revenue fund to help provide funding for fiscal year 2014. The general fund also made a \$73,000 transfer to the bond retirement debt service fund to pay down a portion of the manuscript note.

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

***Interfund Balance***

Interfund balances at June 30, 2014, consisted of the following:

	Interfund Balances	
	June 30, 2014	
	Receivables	Payables
<b>Governmental Activities:</b>		
General	\$88,361	\$0
<i>Special Revenue:</i>		
Auxiliary Services	0	6,838
Miscellaneous State Grants	0	41,209
Immigrant Education	0	425
Class Size Reduction Grant	0	1,914
Miscellaneous Federal Grants	0	37,975
<i>Total Special Revenue</i>	0	88,361
<b>Total Governmental Activities</b>	<b>\$88,361</b>	<b>\$88,361</b>

The interfund transaction between the debt service fund and the building capital projects fund of \$70,940 are manuscript notes for fiscal year 2014. The manuscript notes consist of an energy conservation note and were issued by the School District and purchased by the debt service fund as an investment. The manuscript notes will be paid on July 3, 2014.

Changes in manuscript notes of the School District during fiscal year 2014 were as follows:

	Outstanding June 30, 2013	Additions	Deletions	Outstanding June 30, 2014
Manuscript Note - Energy Conservation	\$143,940	\$70,940	\$143,940	\$70,940

**Note 14 – Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2011 Certificates of Participation			
Current Interest Serial Bonds	2.00% to 3.125%	\$525,000	2012 to 2019
Current Interest Term Bonds	4.00% to 5.250%	2,545,000	2020 to 2041
2005 School Improvement Bonds:			
Current Interest Serial Bonds	3.00% to 5.00%	14,145,000	2006 to 2020

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

Changes in long-term obligations of the School District during fiscal year 2014 were as follows:

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts Due in One Year
2011 Certificates of Participation					
Current Interest Serial Bonds	\$470,000	\$0	\$65,000	\$405,000	\$60,000
Current Interest Term Bonds	2,545,000	0	0	2,545,000	0
Discount on Bonds	(41,781)	0	(1,492)	(40,289)	0
Total 2011 Certificates of Participation	<u>2,973,219</u>	<u>0</u>	<u>63,508</u>	<u>2,909,711</u>	<u>60,000</u>
2005 School Improvement					
General Obligation Bonds					
Current Interest Serial Bonds	11,295,000	0	1,425,000	9,870,000	1,475,000
Unamortized Premium	840,528	0	155,174	685,354	0
Total 2005 School Improvement					
General Obligation Bonds	<u>12,135,528</u>	<u>0</u>	<u>1,580,174</u>	<u>10,555,354</u>	<u>1,475,000</u>
<b><i>Other Long-Term Obligations</i></b>					
Compensated Absences	<u>3,556,253</u>	<u>145,551</u>	<u>242,286</u>	<u>3,459,518</u>	<u>313,572</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$18,665,000</u>	<u>\$145,551</u>	<u>\$1,885,968</u>	<u>\$16,924,583</u>	<u>\$1,848,572</u>

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

On April 7, 2011, the School District issued \$3,070,000 in certificates of participation which included serial and term bonds in the amounts of \$525,000 and \$2,545,000, respectively. The certificates of participation certificates were issued for the purpose of improvements to the School District's high school stadium. The certificates were issued for a thirty year period with final maturity at December 1, 2040. The certificates will be retired from the permanent improvement fund.

The term bonds maturing on December 1, 2040 are subject to mandatory redemption in part by lot pursuant to the terms of the mandatory redemption requirements of the trust agreement, at a redemption price equal to 100 percent of the principal amount deemed, plus interest accrued to the redemption date, on December 1 of the years shown in, and according to, the following schedule:

Year	Amount	Year	Amount
2020	\$75,000	2031	\$120,000
2021	75,000	2032	130,000
2022	80,000	2033	130,000
2023	85,000	2034	140,000
2024	85,000	2035	150,000
2025	90,000	2036	155,000
2026	95,000	2037	160,000
2027	100,000	2038	170,000
2028	105,000	2039	180,000
2029	110,000	2040	195,000
2030	115,000		

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

The series 2011 certificates maturing on or after December 1, 2020 are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after December 1, 2019, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

In the event the Lease is terminated because the School District does not appropriate sufficient money to pay lease payments with respect to the Leased Property for any immediately succeeding Renewal Term, or the School District defaults under the Lease, all of the outstanding certificates are subject to special redemption by the Trustee in whole at any time for which the required notice may be given at a price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, from any available funds.

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

The School District's overall debt margin was \$87,094,824 with an unvoted debt margin of \$1,035,438 at June 30, 2014. Principal and interest requirements to retire the general obligation bonds follow:

	Certificates of Participation				General Obligation Bonds	
	Serial		Term		Serial	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$60,000	\$136,106	\$0	\$0	\$1,475,000	\$393,331
2016	65,000	134,694	0	0	1,530,000	328,900
2017	70,000	132,919	0	0	1,605,000	250,525
2018	65,000	130,981	0	0	1,685,000	176,700
2019	70,000	128,956	0	0	1,750,000	108,000
2020-2024	75,000	126,734	315,000	477,589	1,825,000	36,500
2025-2029	0	0	475,000	511,805	0	0
2030-2034	0	0	605,000	380,113	0	0
2035-2039	0	0	775,000	203,462	0	0
2040-2042	0	0	375,000	20,082	0	0
<b>Total</b>	<b>\$405,000</b>	<b>\$790,390</b>	<b>\$2,545,000</b>	<b>\$1,593,051</b>	<b>\$9,870,000</b>	<b>\$1,293,956</b>

In 2005, the School District defeased a 1994 school improvement bond issue, in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2014, \$9,640,000 of the defeased bonds are still outstanding.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**Note 15 – Risk Management**

***Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the School District contracted with various insurance companies through the Ohio Schools Council Association insurance program. The following is a summary of the School District’s insurance coverage as of June 30, 2014:

Company	Coverage	Amount
Travelers Insurance Company	Boiler and Machinery	\$50,000,000
Indiana Insurance Company	Buildings and Contents - Replacement Costs	126,981,064
	Inland Marine Coverage	3,865,497
	Crime Insurance	250,000
	Automobile Liability	1,000,000
	Uninsured Motorists	50,000
	General Liability	
	Per occurrence	1,000,000
Total per year	2,000,000	

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

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

***Employee Health Benefits***

For fiscal 2014, the School District was a participant in the Suburban Health Consortium (the “Consortium”) to provide employee health, dental and prescription drug benefits. The Consortium is administered by Medical Mutual. Payments are made to the Consortium for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal agent of the Consortium is the Orange City School District. The Treasurer of the Orange City School District pays monthly for the actual amount of claims processed, the stop-loss premium and the administrative charges. The entire risk of loss transfers to the Consortium upon payment of the premiums.

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

	Board Share of Premium			
	Certificated Plan		Classified Plan	
	Family	Single	Family	Single
Medical	\$1,025.17	\$482.43	\$1,011.84	\$476.16
Prescription Drug	231.18	108.80	231.18	108.80
Dental	110.85	47.50	110.85	47.50

## North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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### Self-Insurance

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

The claims liability of \$21,892 reported in the internal service fund at June 30, 2014 is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 30 “Risk Financing Omnibus”, which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Management’s expectation is the claims liabilities will be paid within one year. Changes in the fund’s claims liability amount in 2013 and 2014 were:

Fiscal Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2013	\$17,948	\$115,998	113,274	\$20,672
2014	20,672	110,090	108,870	21,892

### Workers’ Compensation

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

### Note 16 – Jointly Governed Organizations

**North Coast Council** – The North Coast Council (NCC) is a jointly governed computer service bureau owned and operated by thirteen public school districts. The North Coast Council was formed when the Lakeshore Northeast Ohio Computer Consortium and the Lake Erie Educational Computer Association merged during fiscal year 2012. The primary function of NCC is to provide to its members the support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Major areas of service provided by NCC include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. NCC is wholly owned by its member districts and is governed by a Board of Directors (member Superintendents). NCC’s Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the Board. NCC’s current membership includes the Educational Service Center of Cuyahoga County and thirteen school districts in Cuyahoga County. 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 NCC. Each school district supports NCC based upon a per pupil charge dependent upon the software packages used. In fiscal year 2014, the School District paid \$153,789 to NCC. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valley View, OH 44125.

**Cuyahoga Valley Career Center** – The Cuyahoga Valley Career Center is a joint vocational school which is a jointly governed organization among eleven school districts. Each participating school district appoints one board member to the Cuyahoga Valley Career Center’s Board of Education. The Board exercises total

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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control over the operations of the Center including budgeting, appropriating, contracting, and designating management. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Cuyahoga Valley Career Center is limited to representation on the board. Continued existence of the Cuyahoga Valley Career Center is not dependent on the School District's continued participation. In fiscal year 2014, the School District did not contribute to Cuyahoga Valley Career Center. Financial information can be obtained from the Cuyahoga Valley Career School District, 8001 Brecksville Road, Brecksville, Ohio 44141.

**Ohio Schools Council Association** – The Ohio Schools Council (Council) is a jointly governed organization among 196 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2014, the School District paid \$4,856 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Compass Energy served as the natural gas supplier and program manager from October 1, 2010 to March 31, 2013. Compass Energy has also been selected as the supplier and program manager for the period from April 1, 2013 through March 31, 2016. There are currently 151 participants in the program, including the North Royalton City School District. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

### **Note 17 – Contingencies**

#### ***Grants***

The School 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

#### ***Litigation***

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

## **North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

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### **Note 18 – Shared Risk Pool**

The Suburban Health Consortium (“the Consortium”) is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors is the governing body of the Consortium. The Board of Education of each Consortium Member appoints its Superintendent or such Superintendent’s designee to be its representative on the Board of Directors. The officers of the Board of Directors consist of a Chairman, Vice-Chairman and Recording Secretary, who are elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors. The Board of Directors also set all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors have the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

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

Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal. Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months’ premiums at the Consortium Member’s current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months’ premiums at the Consortium Member’s current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium’s assets. Financial information for the Consortium can be obtained from the Treasurer of the Orange City School District (the Fiscal Agent) at 32000 Chagrin Boulevard, Pepper Pike, Ohio 44124.

**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

**Note 19 – Set-Aside Calculations**

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

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

	<u>Capital Improvements</u>
Set-aside Balance as of June 30, 2013	\$0
Current Year Set-aside Requirement	768,082
Qualifying Disbursements	<u>(923,067)</u>
Totals	<u>(\$154,985)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-aside Balance as of June 30, 2014	<u>\$0</u>

Although the School District had qualifying disbursements during the fiscal year that reduced the capital acquisition set-aside amounts below zero, these amounts will not be used to reduce the set-aside requirements of future years.

**Note 20 – Significant Commitments**

***Encumbrances***

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<b><i>Governmental:</i></b>	
General	\$332,968
Other Governmental Funds	<u>621,231</u>
Total Governmental	<u>\$954,199</u>

**Note 21 – Subsequent Events**

On September 23, 2014, the School District refunded \$8,578,575 of the 2005 school improvement bonds. The refunding bonds have a par value of \$8,375,000 with an interest rate of 2.875 percent and a maturity date of December 1, 2018.

On November 4, 2014, the School District's levy placed on the ballot for various repairs and upgrades throughout the School District was defeated. The levy consisted of a 1.66 mill bond issue in the amount of \$28.4 million, as well as a 1 mill permanent improvement levy. If passed, this levy would have cost citizens \$93 per year, per \$100,000 home valuation.

# Combining and Individual Fund Statements and Schedules

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Following is a description of the School District's nonmajor special revenue funds:

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

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

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

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

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

***Entry Year Program Fund*** – To account for and report restricted grant monies appropriated for the entry year programs.

***Network Connectivity Fund*** – To account for and report restricted grant monies appropriated for Ohio Educational Computer Network Connections.

***Miscellaneous State Grants Fund*** – This fund accounts for and reports restricted monies received through State agencies from the State government or directly from the State government which are not classified elsewhere.

***Race to the Top Fund*** – To account for and report restricted Federal revenues received for programs to create innovation and reforms in state and local education.

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

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

***Title I Fund*** – This fund accounts for and report restricted Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

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

(continued)

## Combining Statements – Nonmajor Governmental Funds (continued)

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

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

***Miscellaneous Federal Grants Fund*** – This fund accounts for and reports restricted monies received through State agencies from the Federal government or directly from the Federal government which are not classified elsewhere.

***Adult Education Fund*** – To account for and report revenues and expenditures involved in upgrading and retraining out-of-school youths and adults for the purpose of improving their skills and knowledge in their occupation or planned occupation as well as providing educational services including preschool. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Public School Support Fund*** – To account for and report school site sales revenue and expenditure for field trips, assemblies and other activity costs. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

### *Nonmajor Capital Projects Funds*

The Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary fund or for assets that will be held in trust. Following is a description of the nonmajor capital project funds:

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

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

**North Royalton City School District**

*Combining Balance Sheet*

*Nonmajor Governmental Funds*

*June 30, 2014*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$876,092	\$996,138	\$1,872,230
Property Taxes Receivable	0	909,011	909,011
Accounts Receivable	6,235	0	6,235
Intergovernmental Receivable	293,120	0	293,120
Inventory Held for Resale	9,014	0	9,014
Materials and Supplies Inventory	2,732	0	2,732
<i>Total Assets</i>	<u>\$1,187,193</u>	<u>\$1,905,149</u>	<u>\$3,092,342</u>
<b>Liabilities</b>			
Accounts Payable	\$169,857	\$8,994	\$178,851
Accrued Wages and Benefits	96,594	0	96,594
Interfund Payable	88,361	70,940	159,301
Intergovernmental Payable	53,246	0	53,246
Matured Compensated Absences Payable	8,415	0	8,415
Accrued Interest Payable	0	528	528
<i>Total Liabilities</i>	<u>416,473</u>	<u>80,462</u>	<u>496,935</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	0	705,643	705,643
Unavailable Revenue	98,449	30,474	128,923
<i>Total Deferred Inflows of Resources</i>	<u>98,449</u>	<u>736,117</u>	<u>834,566</u>
<b>Fund Balances</b>			
Nonspendable	2,732	0	2,732
Restricted	676,729	1,156,939	1,833,668
Committed	1,200	0	1,200
Unassigned (Deficit)	(8,390)	(68,369)	(76,759)
<i>Total Fund Balances</i>	<u>672,271</u>	<u>1,088,570</u>	<u>1,760,841</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,187,193</u>	<u>\$1,905,149</u>	<u>\$3,092,342</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2014*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$0	\$949,222	\$949,222
Intergovernmental	2,900,979	143,685	3,044,664
Interest	839	0	839
Extracurricular Activities	254,767	0	254,767
Contributions and Donations	60,613	75,912	136,525
Charges for Services	741,654	0	741,654
Rentals	4,140	59,020	63,160
Miscellaneous	0	31,092	31,092
<i>Total Revenues</i>	<u>3,962,992</u>	<u>1,258,931</u>	<u>5,221,923</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	496,052	150,261	646,313
Special	857,922	0	857,922
Support Services:			
Pupil	3,320	0	3,320
Instructional Staff	68,116	0	68,116
Administration	48,480	38,569	87,049
Fiscal	0	13,502	13,502
Operation and Maintenance of Plant	40,465	27,451	67,916
Pupil Transportation	0	425,781	425,781
Operation of Non-Instructional Services	818,185	0	818,185
Operation of Food Services	1,286,438	0	1,286,438
Extracurricular Activities	333,641	0	333,641
Capital Outlay	1,378	206,856	208,234
Debt Service:			
Principal Retirement	0	65,000	65,000
Interest and Fiscal Charges	0	138,252	138,252
<i>Total Expenditures</i>	<u>3,953,997</u>	<u>1,065,672</u>	<u>5,019,669</u>
<i>Excess of Revenues Over Expenditures</i>	8,995	193,259	202,254
<b>Other Financing Sources</b>			
Transfers In	45,000	73,000	118,000
<i>Net Change in Fund Balances</i>	53,995	266,259	320,254
<i>Fund Balances Beginning of Year</i>	<u>618,276</u>	<u>822,311</u>	<u>1,440,587</u>
<i>Fund Balances End of Year</i>	<u><u>\$672,271</u></u>	<u><u>\$1,088,570</u></u>	<u><u>\$1,760,841</u></u>

**North Royalton City School District**

*Combining Balance Sheet*

*Nonmajor Special Revenue Funds*

*June 30, 2014*

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	<u>Food Service</u>	<u>Scholarship</u>	<u>Local Grants</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$371,778	\$1,200	\$57,559
Accounts Receivable	0	0	0
Intergovernmental Receivable	0	0	0
Inventory Held for Resale	9,014	0	0
Materials and Supplies Inventory	2,732	0	0
<i>Total Assets</i>	<u>\$383,524</u>	<u>\$1,200</u>	<u>\$57,559</u>
<b>Liabilities</b>			
Accounts Payable	\$85	\$0	\$86
Accrued Wages and Benefits	36,086	0	0
Interfund Payable	0	0	0
Intergovernmental Payable	24,399	0	0
Matured Compensated Absences Payable	8,415	0	0
<i>Total Liabilities</i>	<u>68,985</u>	<u>0</u>	<u>86</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
<b>Fund Balances</b>			
Nonspendable	2,732	0	0
Restricted	311,807	0	57,473
Committed	0	1,200	0
Unassigned (Deficit)	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>314,539</u>	<u>1,200</u>	<u>57,473</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$383,524</u>	<u>\$1,200</u>	<u>\$57,559</u>

Athletics and Music	Auxiliary Services	Network Connectivity	Miscellaneous State Grants
\$104,413	\$118,038	\$4,944	\$41,209
6,235	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>\$110,648</u>	<u>\$118,038</u>	<u>\$4,944</u>	<u>\$41,209</u>
\$1,096	\$96,216	\$4,944	\$0
0	0	0	0
0	6,838	0	41,209
0	314	0	0
0	0	0	0
<u>1,096</u>	<u>103,368</u>	<u>4,944</u>	<u>41,209</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0
109,552	14,670	0	0
0	0	0	0
0	0	0	0
<u>109,552</u>	<u>14,670</u>	<u>0</u>	<u>0</u>
<u>\$110,648</u>	<u>\$118,038</u>	<u>\$4,944</u>	<u>\$41,209</u>

(continued)

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*June 30, 2014*

	Title VI-B	Immigrant Education	Title I
<b>Assets</b>			
Equity in Pooled Cash and			
Cash Equivalents	\$97,856	\$1,650	\$31,858
Accounts Receivable	0	0	0
Intergovernmental Receivable	76,018	33,540	141,436
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	0	0	0
<i>Total Assets</i>	<u>\$173,874</u>	<u>\$35,190</u>	<u>\$173,294</u>
<b>Liabilities</b>			
Accounts Payable	\$49,993	\$0	\$6,959
Accrued Wages and Benefits	0	2,025	50,149
Interfund Payable	0	425	0
Intergovernmental Payable	14,828	343	8,656
Matured Compensated Absences Payable	0	0	0
<i>Total Liabilities</i>	<u>64,821</u>	<u>2,793</u>	<u>65,764</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	28,865	62,106
<b>Fund Balances</b>			
Nonspendable	0	0	0
Restricted	109,053	3,532	45,424
Committed	0	0	0
Unassigned (Deficit)	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>109,053</u>	<u>3,532</u>	<u>45,424</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$173,874</u>	<u>\$35,190</u>	<u>\$173,294</u>

Preschool Grant	Class Size Reduction Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$0	\$7,612	\$37,975	\$876,092
0	0	0	6,235
0	42,126	0	293,120
0	0	0	9,014
0	0	0	2,732
<u>\$0</u>	<u>\$49,738</u>	<u>\$37,975</u>	<u>\$1,187,193</u>
\$0	\$5,583	\$4,895	\$169,857
0	8,334	0	96,594
0	1,914	37,975	88,361
304	1,211	3,191	53,246
0	0	0	8,415
<u>304</u>	<u>17,042</u>	<u>46,061</u>	<u>416,473</u>
0	7,478	0	98,449
0	0	0	2,732
0	25,218	0	676,729
0	0	0	1,200
(304)	0	(8,086)	(8,390)
<u>(304)</u>	<u>25,218</u>	<u>(8,086)</u>	<u>672,271</u>
<u>\$0</u>	<u>\$49,738</u>	<u>\$37,975</u>	<u>\$1,187,193</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2014*

	Food Service	Scholarship	Local Grants
<b>Revenues</b>			
Intergovernmental	\$394,531	\$0	\$8,600
Interest	571	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	39,388
Charges for Services	741,654	0	0
Rentals	0	0	0
<i>Total Revenues</i>	<u>1,136,756</u>	<u>0</u>	<u>47,988</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	0	0	5,381
Special	0	0	0
Support Services:			
Pupil	0	0	3,320
Instructional Staff	0	0	0
Administration	0	0	0
Operation and Maintenance of Plant	2,849	0	37,616
Operation of Non-Instructional Services	0	0	0
Operation of Food Services	1,286,438	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	1,378
<i>Total Expenditures</i>	<u>1,289,287</u>	<u>0</u>	<u>47,695</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(152,531)	0	293
<b>Other Financing Sources</b>			
Transfers In	0	0	0
<i>Net Change in Fund Balances</i>	(152,531)	0	293
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>467,070</u>	<u>1,200</u>	<u>57,180</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$314,539</u>	<u>\$1,200</u>	<u>\$57,473</u>

Athletics and Music	Auxiliary Services	Entry Year Program	Network Connectivity	Race to the Top
\$0	\$708,540	\$0	\$10,800	\$4,550
55	213	0	0	0
254,767	0	0	0	0
21,225	0	0	0	0
0	0	0	0	0
4,140	0	0	0	0
<u>280,187</u>	<u>708,753</u>	<u>0</u>	<u>10,800</u>	<u>4,550</u>
0	0	1,400	11,176	6,300
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	705,330	0	0	0
0	0	0	0	0
333,641	0	0	0	0
0	0	0	0	0
<u>333,641</u>	<u>705,330</u>	<u>1,400</u>	<u>11,176</u>	<u>6,300</u>
(53,454)	3,423	(1,400)	(376)	(1,750)
<u>45,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(8,454)	3,423	(1,400)	(376)	(1,750)
<u>118,006</u>	<u>11,247</u>	<u>1,400</u>	<u>376</u>	<u>1,750</u>
<u>\$109,552</u>	<u>\$14,670</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(continued)

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Fiscal Year Ended June 30, 2014*

	Title VI-B	Immigrant Education	Title I
<b>Revenues</b>			
Intergovernmental	\$1,016,382	\$25,210	\$525,286
Interest	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	0	0	0
Rentals	0	0	0
<i>Total Revenues</i>	<u>1,016,382</u>	<u>25,210</u>	<u>525,286</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	3,918	18,239	423,407
Special	839,624	0	0
Support Services:			
Pupil	0	0	0
Instructional Staff	4,703	2,553	1,205
Administration	48,480	0	0
Operation and Maintenance of Plant	0	0	0
Operation of Non-Instructional Services	13,337	0	10,850
Operation of Food Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
<i>Total Expenditures</i>	<u>910,062</u>	<u>20,792</u>	<u>435,462</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	106,320	4,418	89,824
<b>Other Financing Sources</b>			
Transfers In	0	0	0
<i>Net Change in Fund Balances</i>	106,320	4,418	89,824
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>2,733</u>	<u>(886)</u>	<u>(44,400)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$109,053</u>	<u>\$3,532</u>	<u>\$45,424</u>

Preschool Grant	Class Size Reduction Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$18,052	\$109,017	\$80,011	\$2,900,979
0	0	0	839
0	0	0	254,767
0	0	0	60,613
0	0	0	741,654
0	0	0	4,140
<u>18,052</u>	<u>109,017</u>	<u>80,011</u>	<u>3,962,992</u>
107	26,124	0	496,052
18,298	0	0	857,922
0	0	0	3,320
0	59,655	0	68,116
0	0	0	48,480
0	0	0	40,465
0	656	88,012	818,185
0	0	0	1,286,438
0	0	0	333,641
0	0	0	1,378
<u>18,405</u>	<u>86,435</u>	<u>88,012</u>	<u>3,953,997</u>
(353)	22,582	(8,001)	8,995
<u>0</u>	<u>0</u>	<u>0</u>	<u>45,000</u>
(353)	22,582	(8,001)	53,995
<u>49</u>	<u>2,636</u>	<u>(85)</u>	<u>618,276</u>
<u>(\$304)</u>	<u>\$25,218</u>	<u>(\$8,086)</u>	<u>\$672,271</u>

**North Royalton City School District**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*June 30, 2014*

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$993,039	\$3,099	\$996,138
Property Taxes Receivable	909,011	0	909,011
<i>Total Assets</i>	<u>\$1,902,050</u>	<u>\$3,099</u>	<u>\$1,905,149</u>
<b>Liabilities</b>			
Accounts Payable	\$8,994	\$0	\$8,994
Interfund Payable	0	70,940	70,940
Accrued Interest Payable	0	528	528
<i>Total Liabilities</i>	<u>8,994</u>	<u>71,468</u>	<u>80,462</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	705,643	0	705,643
Unavailable Revenue	30,474	0	30,474
<i>Total Deferred Inflows of Resources</i>	<u>736,117</u>	<u>0</u>	<u>736,117</u>
<b>Fund Balances</b>			
Restricted	1,156,939	0	1,156,939
Unassigned (Deficit)	0	(68,369)	(68,369)
<i>Total Fund Balances (Deficit)</i>	<u>1,156,939</u>	<u>(68,369)</u>	<u>1,088,570</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,902,050</u>	<u>\$3,099</u>	<u>\$1,905,149</u>

**North Royalton City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Fiscal Year Ended June 30, 2014*

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
<b>Revenues</b>			
Property Taxes	\$949,222	\$0	\$949,222
Intergovernmental	142,246	1,439	143,685
Contributions and Donations	75,912	0	75,912
Rentals	59,020	0	59,020
Miscellaneous	31,092	0	31,092
<i>Total Revenues</i>	<u>1,257,492</u>	<u>1,439</u>	<u>1,258,931</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	150,261	0	150,261
Support Services:			
Administration	38,569	0	38,569
Fiscal	13,502	0	13,502
Operation and Maintenance of Plant	27,451	0	27,451
Pupil Transportation	425,781	0	425,781
Capital Outlay	206,856	0	206,856
Debt Service:			
Principal Retirement	65,000	0	65,000
Interest and Fiscal Charges	137,356	896	138,252
<i>Total Expenditures</i>	<u>1,064,776</u>	<u>896</u>	<u>1,065,672</u>
<i>Excess of Revenues Over Expenditures</i>	192,716	543	193,259
<b>Other Financing Sources</b>			
Transfers In	0	73,000	73,000
<i>Net Change in Fund Balances</i>	192,716	73,543	266,259
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>964,223</u>	<u>(141,912)</u>	<u>822,311</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$1,156,939</u></u>	<u><u>(\$68,369)</u></u>	<u><u>\$1,088,570</u></u>

## Combining Statements - Fiduciary Fund

### *Agency Funds*

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

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

***District Agency Fund*** This fund reflects resources that are held by a school district as an agent for individuals, private organizations, and other governmental units.

**North Royalton City School District**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Fiscal Year Ended June 30, 2014*

	Beginning Balance 6/30/13	Additions	Deductions	Ending Balance 6/30/14
<b><i>Student Activities</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$191,184	\$392,371	\$350,921	\$232,634
<b>Liabilities</b>				
Due to Students	\$191,184	\$392,371	\$350,921	\$232,634
<b><i>District Agency</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$17,767	\$16,486	\$1,281
<b>Liabilities</b>				
Undistributed Monies	\$0	\$17,767	\$16,486	\$1,281
<b><i>Total Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$191,184	\$410,138	\$367,407	\$233,915
<b>Liabilities</b>				
Due to Students	\$191,184	\$392,371	\$350,921	\$232,634
Undistributed Monies	0	17,767	16,486	1,281
<b>Total Liabilities</b>	<b>\$191,184</b>	<b>\$410,138</b>	<b>\$367,407</b>	<b>\$233,915</b>

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

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$34,810,219	\$35,234,265	\$35,234,265	\$0
Intergovernmental	10,430,730	10,882,447	10,882,447	0
Interest	47,000	32,921	43,259	10,338
Tuition and Fees	644,700	701,066	703,644	2,578
Extracurricular Activities	159,800	158,496	158,496	0
Contributions and Donations	1,000	3,304	3,304	0
Customer Sales and Services	1,000	400	400	0
Rentals	49,700	49,375	49,375	0
Miscellaneous	91,500	99,880	99,880	0
<i>Total Revenues</i>	<u>46,235,649</u>	<u>47,162,154</u>	<u>47,175,070</u>	<u>12,916</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	16,800,246	16,244,718	16,244,718	0
Fringe Benefits	5,979,119	5,987,024	5,987,024	0
Purchased Services	2,294,775	2,514,743	2,514,743	0
Materials and Supplies	717,891	623,959	623,959	0
Capital Outlay	61,662	22,553	22,553	0
Other	33,000	30,115	30,115	0
Total Regular	<u>25,886,693</u>	<u>25,423,112</u>	<u>25,423,112</u>	<u>0</u>
Special:				
Salaries and Wages	2,619,600	2,750,714	2,750,714	0
Fringe Benefits	716,400	830,238	830,238	0
Purchased Services	36,900	29,769	29,769	0
Materials and Supplies	13,000	10,648	10,648	0
Capital Outlay	16,000	61,731	61,731	0
Total Special	<u>3,401,900</u>	<u>3,683,100</u>	<u>3,683,100</u>	<u>0</u>
Vocational:				
Salaries and Wages	88,200	11,731	11,731	0
Fringe Benefits	46,300	38,206	38,206	0
Capital Outlay	2,800	4,549	4,549	0
Total Vocational	<u>137,300</u>	<u>54,486</u>	<u>54,486</u>	<u>0</u>
Total Instruction	<u>\$29,425,893</u>	<u>\$29,160,698</u>	<u>\$29,160,698</u>	<u>\$0</u>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Support Services:</b>				
<b>Pupil:</b>				
Salaries and Wages	\$1,844,000	\$1,864,591	\$1,864,591	\$0
Fringe Benefits	563,700	612,773	612,773	0
Purchased Services	571,508	516,347	516,347	0
Materials and Supplies	45,179	48,206	48,206	0
Other	2,000	2,095	2,095	0
<b>Total Pupil</b>	<b>3,026,387</b>	<b>3,044,012</b>	<b>3,044,012</b>	<b>0</b>
<b>Instructional Staff:</b>				
Salaries and Wages	1,629,200	1,411,167	1,411,167	0
Fringe Benefits	688,300	643,335	643,335	0
Purchased Services	137,946	165,522	165,522	0
Materials and Supplies	41,000	53,132	53,132	0
Capital Outlay	0	4,018	4,018	0
Other	2,000	269	269	0
<b>Total Instructional Staff</b>	<b>2,498,446</b>	<b>2,277,443</b>	<b>2,277,443</b>	<b>0</b>
<b>Board of Education:</b>				
Salaries and Wages	20,000	18,115	18,115	0
Fringe Benefits	1,600	3,854	3,854	0
Purchased Services	10,250	7,692	7,692	0
Materials and Supplies	500	80	80	0
Other	10,000	9,027	9,027	0
<b>Total Board of Education</b>	<b>42,350</b>	<b>38,768</b>	<b>38,768</b>	<b>0</b>
<b>Administration:</b>				
Salaries and Wages	1,864,600	1,937,963	1,937,963	0
Fringe Benefits	903,000	934,378	934,378	0
Purchased Services	177,600	177,685	177,685	0
Materials and Supplies	8,000	14,569	14,569	0
Capital Outlay	0	3,527	3,527	0
Other	30,100	21,526	18,552	2,974
<b>Total Administration</b>	<b>2,983,300</b>	<b>3,089,648</b>	<b>3,086,674</b>	<b>2,974</b>
<b>Fiscal:</b>				
Salaries and Wages	370,700	379,503	379,503	0
Fringe Benefits	164,100	241,071	241,071	0
Purchased Services	29,005	34,385	34,385	0
Materials and Supplies	3,000	2,348	2,348	0
Other	665,000	621,555	621,555	0
<b>Total Fiscal</b>	<b>\$1,231,805</b>	<b>\$1,278,862</b>	<b>\$1,278,862</b>	<b>\$0</b>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Business:</b>				
Salaries and Wages	\$227,500	\$225,550	\$225,550	\$0
Fringe Benefits	103,300	108,465	108,465	0
Purchased Services	5,700	5,977	5,976	1
Materials and Supplies	1,000	914	913	1
Other	2,000	1,736	1,736	0
<b>Total Business</b>	<b>339,500</b>	<b>342,642</b>	<b>342,640</b>	<b>2</b>
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	1,704,500	1,667,923	1,667,923	0
Fringe Benefits	793,100	781,870	781,870	0
Purchased Services	872,200	898,799	898,799	0
Materials and Supplies	273,000	286,919	286,919	0
Capital Outlay	3,000	2,525	2,525	0
Other	5,000	3,251	3,251	0
<b>Total Operation and Maintenance of Plant</b>	<b>3,650,800</b>	<b>3,641,287</b>	<b>3,641,287</b>	<b>0</b>
<b>Pupil Transportation:</b>				
Salaries and Wages	1,536,400	1,616,889	1,616,889	0
Fringe Benefits	761,200	675,373	675,373	0
Purchased Services	501,600	470,860	470,858	2
Materials and Supplies	648,000	692,949	692,949	0
<b>Total Pupil Transportation</b>	<b>3,447,200</b>	<b>3,456,071</b>	<b>3,456,069</b>	<b>2</b>
<b>Central:</b>				
Salaries and Wages	158,300	131,216	131,216	0
Fringe Benefits	76,500	66,058	66,058	0
Purchased Services	29,000	15,361	15,361	0
<b>Total Central</b>	<b>263,800</b>	<b>212,635</b>	<b>212,635</b>	<b>0</b>
<b>Total Support Services</b>	<b>17,483,588</b>	<b>17,381,368</b>	<b>17,378,390</b>	<b>2,978</b>
<b>Operation of Non-Instructional Services:</b>				
<b>Community Services:</b>				
Fringe Benefits	0	1,085	1,085	0
Purchased Services	74,000	71,105	71,105	0
Materials and Supplies	1,800	41	41	0
<b>Total Operation of Non-Instructional Services</b>	<b>\$75,800</b>	<b>\$72,231</b>	<b>\$72,231</b>	<b>\$0</b>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Extracurricular Activities:				
Academic Oriented Activities:				
Salaries and Wages	\$195,500	\$186,066	\$186,066	\$0
Fringe Benefits	44,100	78,284	78,284	0
Total Academic Oriented Activities	239,600	264,350	264,350	0
Sport Oriented Activities:				
Salaries and Wages	525,000	512,683	512,683	0
Fringe Benefits	28,600	50,590	50,590	0
Purchased Services	29,200	27,139	27,139	0
Other	1,000	553	553	0
Total Sport Oriented Activities	583,800	590,965	590,965	0
Total Extracurricular Activities	823,400	855,315	855,315	0
<i>Total Expenditures</i>	47,808,681	47,469,612	47,466,634	2,978
<i>Excess of Revenues Under Expenditures</i>	(1,573,032)	(307,458)	(291,564)	15,894
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	1,000	8,322	8,322	0
Advances Out	(176,721)	(176,721)	(88,361)	88,360
Transfers Out	(118,000)	(118,000)	(118,000)	0
<i>Total Other Financing Sources (Uses)</i>	(293,721)	(286,399)	(198,039)	88,360
<i>Net Change in Fund Balance</i>	(1,866,753)	(593,857)	(489,603)	104,254
<i>Fund Balance Beginning of Year</i>	10,963,280	10,963,280	10,963,280	0
Prior Year Encumbrances Appropriated	262,019	262,019	262,019	0
<i>Fund Balance End of Year</i>	\$9,358,546	\$10,631,442	\$10,735,696	\$104,254

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Bond Retirement Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$1,613,039	\$1,613,039	\$0
Intergovernmental	232,912	232,912	0
<i>Total Revenues</i>	<u>1,845,951</u>	<u>1,845,951</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Fiscal:			
Other	24,303	24,302	1
Debt Service:			
Principal Retirement	1,568,940	1,568,940	0
Interest and Fiscal Charges	445,530	445,530	0
<i>Total Debt Service</i>	<u>2,014,470</u>	<u>2,014,470</u>	<u>0</u>
<i>Total Expenditures</i>	<u>2,038,773</u>	<u>2,038,772</u>	<u>1</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(192,822)</u>	<u>(192,821)</u>	<u>1</u>
<b>Other Financing Sources</b>			
Energy Conservation Notes Issued	70,940	70,940	0
Transfers In	73,000	73,000	0
<i>Total Other Financing Sources</i>	<u>143,940</u>	<u>143,940</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(48,882)	(48,881)	1
<i>Fund Balance Beginning of Year</i>	<u>3,513,080</u>	<u>3,513,080</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,464,198</u>	<u>\$3,464,199</u>	<u>\$1</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$347,305	\$347,305	\$0
Interest	590	571	(19)
Charges for Services	741,654	741,654	0
<i>Total Revenues</i>	<u>1,089,549</u>	<u>1,089,530</u>	<u>(19)</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	2,887	2,887	0
Operation of Food Services:			
Salaries and Wages	451,679	451,679	0
Fringe Benefits	215,706	215,706	0
Purchased Services	9,747	9,747	0
Materials and Supplies	411,306	411,306	0
Capital Outlay	3,824	3,824	0
Total Operation of Food Services	<u>1,092,262</u>	<u>1,092,262</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,095,149</u>	<u>1,095,149</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(5,600)	(5,619)	(19)
<i>Fund Balance Beginning of Year</i>	373,987	373,987	0
Prior Year Encumbrances Appropriated	293	293	0
<i>Fund Balance End of Year</i>	<u><u>\$368,680</u></u>	<u><u>\$368,661</u></u>	<u><u>(\$19)</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Scholarship Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,200	0	1,200
<i>Net Change in Fund Balance</i>	(1,200)	0	1,200
<i>Fund Balance Beginning of Year</i>	1,200	1,200	0
<i>Fund Balance End of Year</i>	\$0	\$1,200	\$1,200

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Local Grants Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$8,600	\$8,600	\$0
Contributions and Donations	37,408	39,388	1,980
<i>Total Revenues</i>	<u>46,008</u>	<u>47,988</u>	<u>1,980</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	16,831	5,381	11,450
Materials and Supplies	271	0	271
Capital Outlay	100	0	100
Total Instruction	<u>17,202</u>	<u>5,381</u>	<u>11,821</u>
Support Services:			
Pupil:			
Purchased Services	5,977	2,435	3,542
Materials and Supplies	11,804	885	10,919
Total Pupil	<u>17,781</u>	<u>3,320</u>	<u>14,461</u>
Operation and Maintenance of Plant:			
Purchased Services	34,723	23,230	11,493
Materials and Supplies	17,403	7,873	9,530
Capital Outlay	14,701	7,350	7,351
Total Operation and Maintenance of Plant	<u>66,827</u>	<u>38,453</u>	<u>28,374</u>
Total Support Services	<u>84,608</u>	<u>41,773</u>	<u>42,835</u>
Capital Outlay:			
Site Improvement Services:			
Capital Outlay	1,378	1,378	0
<i>Total Expenditures</i>	<u>103,188</u>	<u>48,532</u>	<u>54,656</u>
<i>Net Change in Fund Balance</i>	(57,180)	(544)	56,636
<i>Fund Balance Beginning of Year</i>	<u>57,180</u>	<u>57,180</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$56,636</u>	<u>\$56,636</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Athletics and Music Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Interest	\$52	\$55	\$3
Extracurricular Activities	247,782	248,532	750
Contributions and Donations	21,225	21,225	0
Rentals	4,140	4,140	0
<i>Total Revenues</i>	<u>273,199</u>	<u>273,952</u>	<u>753</u>
<b>Expenditures</b>			
Current:			
Extracurricular Activities:			
Occupation Oriented Activities			
Other	13,320	11,642	1,678
Sport Oriented Activities:			
Purchased Services	48,840	48,840	0
Materials and Supplies	1,427	1,427	0
Capital Outlay	2,011	2,011	0
Other	373,723	296,828	76,895
Total Sport Oriented Activities	<u>426,001</u>	<u>349,106</u>	<u>76,895</u>
School and Public Service			
Co-curricular Activities:			
Other	683	443	240
<i>Total Expenditures</i>	<u>440,004</u>	<u>361,191</u>	<u>78,813</u>
<i>Excess of Revenues Under Expenditures</i>	(166,805)	(87,239)	79,566
<b>Other Financing Sources</b>			
Transfers In	45,000	45,000	0
<i>Net Change in Fund Balance</i>	(121,805)	(42,239)	79,566
<i>Fund Balance Beginning of Year</i>	111,305	111,305	0
Prior Year Encumbrances Appropriated	10,828	10,828	0
<i>Fund Balance End of Year</i>	<u>\$328</u>	<u>\$79,894</u>	<u>\$79,566</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Auxiliary Services Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$708,540	\$708,540	\$0
Interest	213	213	0
<i>Total Revenues</i>	<u>708,753</u>	<u>708,753</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	75,816	75,816	0
Fringe Benefits	28,934	28,091	843
Purchased Services	451,027	450,964	63
Materials and Supplies	130,631	130,630	1
Capital Outlay	85,303	85,303	0
Other	39	39	0
<i>Total Expenditures</i>	<u>771,750</u>	<u>770,843</u>	<u>907</u>
<i>Excess of Revenues Under Expenditures</i>	(62,997)	(62,090)	907
<b>Other Financing Sources</b>			
Advances In	6,838	6,838	0
<i>Net Change in Fund Balance</i>	(56,159)	(55,252)	907
<i>Fund Balance Beginning of Year</i>	2,388	2,388	0
Prior Year Encumbrances Appropriated	53,771	53,771	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$907</u>	<u>\$907</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Entry Year Program Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	1,400	1,400	0
<i>Net Change in Fund Balance</i>	(1,400)	(1,400)	0
<i>Fund Balance Beginning of Year</i>	1,400	1,400	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Network Connectivity Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$10,800	\$10,800	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	6,145	6,145	0
Capital Outlay	5,031	5,031	0
<i>Total Expenditures</i>	11,176	11,176	0
<i>Net Change in Fund Balance</i>	(376)	(376)	0
<i>Fund Balance Beginning of Year</i>	376	376	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Miscellaneous State Grants Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Support Sevices:			
Operation and Maintenance of Plant:			
Purchased Services	1,215	1,215	0
Capital Outlay	15,095	15,095	0
Total Support Sevices	16,310	16,310	0
Capital Outlay:			
Building Improvement Sevices:			
Capital Outlay	24,899	24,899	0
<i>Total Expenditures</i>	41,209	41,209	0
<i>Excess of Revenues Under Expenditures</i>	(41,209)	(41,209)	0
<b>Other Financing Sources</b>			
Advances In	41,209	41,209	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Race to the Top Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$4,550	\$4,550	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	6,300	6,300	0
<i>Net Change in Fund Balance</i>	(1,750)	(1,750)	0
<i>Fund Balance Beginning of Year</i>	1,750	1,750	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title VI-B Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$940,364	\$940,364	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	4,542	3,918	624
Special:			
Salaries and Wages	677,371	653,118	24,253
Fringe Benefits	84,400	84,400	0
Purchased Services	94,967	91,792	3,175
Total Special	856,738	829,310	27,428
Total Instruction	861,280	833,228	28,052
Support Services:			
Instructional Staff:			
Purchased Services	16,500	7,720	8,780
Administration:			
Salaries and Wages	42,790	38,143	4,647
Fringe Benefits	11,936	9,946	1,990
Total Administration	54,726	48,089	6,637
Total Support Services	71,226	55,809	15,417
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	6,893	6,893	0
Fringe Benefits	1,260	1,145	115
Purchased Services	5,346	5,346	0
Materials and Supplies	186	186	0
Capital Outlay	1,323	1,323	0
Total Operation of Non-Instructional Services	15,008	14,893	115
<i>Total Expenditures</i>	947,514	903,930	43,584
<i>Net Change in Fund Balance</i>	(7,150)	36,434	43,584
<i>Fund Balance Beginning of Year</i>	3,797	3,797	0
Prior Year Encumbrances Appropriated	3,353	3,353	0
<i>Fund Balance End of Year</i>	\$0	\$43,584	\$43,584

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Immigrant Education Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$50,995	\$20,535	(\$30,460)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	30,468	13,106	17,362
Fringe Benefits	4,227	2,020	2,207
Purchased Services	3,074	425	2,649
Materials and Supplies	5,526	3,067	2,459
Total Instruction	43,295	18,618	24,677
Support Services:			
Instructional Staff:			
Salaries and Wages	5,000	0	5,000
Fringe Benefits	750	0	750
Purchased Services	3,367	2,553	814
Total Support Services	9,117	2,553	6,564
<i>Total Expenditures</i>	52,412	21,171	31,241
<i>Excess of Revenues Under Expenditures</i>	(1,417)	(636)	781
<b>Other Financing Sources</b>			
Advances In	425	425	0
<i>Net Change in Fund Balance</i>	(992)	(211)	781
<i>Fund Balance Beginning of Year</i>	1,416	1,416	0
<i>Fund Balance End of Year</i>	\$424	\$1,205	\$781

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Title I Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$541,392	\$445,956	(\$95,436)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	400,034	294,317	105,717
Fringe Benefits	109,805	101,848	7,957
Purchased Services	7,000	5,134	1,866
Materials and Supplies	4,260	1,251	3,009
Capital Outlay	8,490	7,934	556
Total Instruction	529,589	410,484	119,105
Support Services:			
Instructional Staff:			
Salaries and Wages	1,450	750	700
Fringe Benefits	354	158	196
Purchased Services	510	510	0
Total Support Services	2,314	1,418	896
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	10,884	10,850	34
<i>Total Expenditures</i>	542,787	422,752	120,035
<i>Net Change in Fund Balance</i>	(1,395)	23,204	24,599
<i>Fund Balance Beginning of Year</i>	1,280	1,280	0
Prior Year Encumbrances Appropriated	115	115	0
<i>Fund Balance End of Year</i>	\$0	\$24,599	\$24,599

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Preschool Grant Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$18,052	\$18,052	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	107	107	0
Special:			
Salaries and Wages	16,067	16,067	0
Fringe Benefits	1,985	1,985	0
Total Special	18,052	18,052	0
<i>Total Expenditures</i>	18,159	18,159	0
<i>Net Change in Fund Balance</i>	(107)	(107)	0
<i>Fund Balance Beginning of Year</i>	107	107	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Class Size Reduction Grant Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$93,223	\$74,369	(\$18,854)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	29,416	16,668	12,748
Support Services:			
Instructional Staff:			
Salaries and Wages	17,200	15,075	2,125
Fringe Benefits	3,339	2,270	1,069
Purchased Services	40,183	40,183	0
Materials and Supplies	5,187	4,416	771
Total Support Services	65,909	61,944	3,965
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	656	656	0
<i>Total Expenditures</i>	95,981	79,268	16,713
<i>Excess of Revenues Under Expenditures</i>	(2,758)	(4,899)	(2,141)
<b>Other Financing Sources</b>			
Advances In	1,686	1,914	228
<i>Net Change in Fund Balance</i>	(1,072)	(2,985)	(1,913)
<i>Fund Balance Beginning of Year</i>	1,370	1,370	0
Prior Year Encumbrances Appropriated	1,615	1,615	0
<i>Fund Balance End of Year</i>	\$1,913	\$0	(\$1,913)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Miscellaneous Federal Grants Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$124,999	\$80,011	(\$44,988)
<b>Expenditures</b>			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	117,752	113,199	4,553
Materials and Supplies	6,285	3,824	2,461
Capital Outlay	963	963	0
<i>Total Expenditures</i>	125,000	117,986	7,014
<i>Excess of Revenues Under Expenditures</i>	(1)	(37,975)	(37,974)
<b>Other Financing Sources</b>			
Advances In	37,975	37,975	0
<i>Net Change in Fund Balance</i>	37,974	0	(37,974)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$37,974	\$0	(\$37,974)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Adult Education Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Tuition and Fees	\$11,309	\$11,309	\$0
Miscellaneous	13,377	13,377	0
<i>Total Revenues</i>	<u>24,686</u>	<u>24,686</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Student Intervention Services:			
Salaries and Wages	32,715	32,715	0
Fringe Benefits	449	449	0
Purchased Services	27,217	12,180	15,037
Materials and Supplies	495	495	0
<i>Total Expenditures</i>	<u>60,876</u>	<u>45,839</u>	<u>15,037</u>
<i>Net Change in Fund Balance</i>	(36,190)	(21,153)	15,037
<i>Fund Balance Beginning of Year</i>	22,073	22,073	0
Prior Year Encumbrances Appropriated	<u>14,117</u>	<u>14,117</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$15,037</u></u>	<u><u>\$15,037</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Public School Support Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Extracurricular Activities	\$79,689	\$79,689	\$0
Contributions and Donations	31,675	31,675	0
Miscellaneous	125,109	125,109	0
<i>Total Revenues</i>	<u>236,473</u>	<u>236,473</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	194	194	0
Materials and Supplies	10,062	10,062	0
Other	336,034	249,947	86,087
Total Instruction	346,290	260,203	86,087
Support Services:			
Pupil:			
Materials and Supplies	833	0	833
<i>Total Expenditures</i>	<u>347,123</u>	<u>260,203</u>	<u>86,920</u>
<i>Net Change in Fund Balance</i>	(110,650)	(23,730)	86,920
<i>Fund Balance Beginning of Year</i>	91,126	91,126	0
Prior Year Encumbrances Appropriated	19,525	19,525	0
<i>Fund Balance End of Year</i>	<u>\$1</u>	<u>\$86,921</u>	<u>\$86,920</u>

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$896,132	\$896,132	\$0
Intergovernmental	142,246	142,246	0
Contributions and Donations	75,912	75,912	0
Rentals	59,020	59,020	0
Miscellaneous	31,092	31,092	0
<i>Total Revenues</i>	<u>1,204,402</u>	<u>1,204,402</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular:			
Capital Outlay	348,979	348,979	0
Support Services:			
Administration:			
Purchased Services	10,093	10,093	0
Capital Outlay	28,476	28,476	0
Total Administration	<u>38,569</u>	<u>38,569</u>	<u>0</u>
Fiscal:			
Other	13,502	13,502	0
Operation and Maintenance of Plant:			
Purchased Services	1,916	1,916	0
Materials and Supplies	12,590	12,590	0
Capital Outlay	14,007	14,007	0
Total Operation and Maintenance of Plant	<u>28,513</u>	<u>28,513</u>	<u>0</u>
Pupil Transportation:			
Capital Outlay	425,781	425,781	0
Total Support Services	<u>\$506,365</u>	<u>\$506,365</u>	<u>\$0</u>

(continued)

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement Fund (continued)*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital Outlay:			
Site Improvement Services:			
Purchased Services	\$135,292	\$135,292	\$0
Capital Outlay	128,962	128,962	0
Total Site Improvement Services	264,254	264,254	0
Building Improvement Services:			
Purchased Services	10,696	10,696	0
Capital Outlay	48,335	48,335	0
Total Building Improvement Services	59,031	59,031	0
Total Capital Outlay	323,285	323,285	0
Debt Service:			
Principal Retirement	65,000	65,000	0
Interest and Fiscal Charges	137,356	137,356	0
Total Debt Service	202,356	202,356	0
<i>Total Expenditures</i>	1,380,985	1,380,985	0
<i>Net Change in Fund Balance</i>	(176,583)	(176,583)	0
<i>Fund Balance Beginning of Year</i>	718,620	718,620	0
Prior Year Encumbrances Appropriated	148,301	148,301	0
<i>Fund Balance End of Year</i>	\$690,338	\$690,338	\$0

**North Royalton City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
**Building Fund**  
*For the Fiscal Year Ended June 30, 2014*

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>	\$0	\$0	\$0
<b>Expenditures</b>			
Capital Outlay:			
Building Acquisition and Construction Services:			
Capital Outlay	<u>3,099</u>	<u>3,099</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,099)	(3,099)	0
<i>Fund Balance Beginning of Year</i>	<u>3,099</u>	<u>3,099</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**North Royalton City School District**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Self Insurance Fund*  
*For the Fiscal Year Ended June 30, 2014*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$139,477	\$139,477	\$0
<b>Expenses</b>			
Purchased Services	24,656	24,656	0
Claims	150,344	108,870	41,474
<i>Total Expenses</i>	175,000	133,526	41,474
<i>Net Change in Fund Equity</i>	(35,523)	5,951	41,474
<i>Fund Equity Beginning of Year</i>	189,352	189,352	0
<i>Fund Equity End of Year</i>	\$153,829	\$195,303	\$41,474

**STATISTICAL  
SECTION**

## Statistical Section

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

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<b>Contents</b>	<b>Pages(s)</b>
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<b><i>Financial Trends</i></b> .....	<b>S2 – S9</b>
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These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

<b><i>Revenue Capacity</i></b> .....	<b>S10 – S18</b>
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These schedules contain information to help the reader assess the School District's most significant local revenue, the property tax.

<b><i>Debt Capacity</i></b> .....	<b>S19 – S23</b>
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These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

<b><i>Economic and Demographic Information</i></b> .....	<b>S24 – S26</b>
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These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.

<b><i>Operating Information</i></b> .....	<b>S27 – S36</b>
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These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**North Royalton City School District**

*Net Position by Component*

*Last Ten Fiscal Years*

*(accrual basis of accounting)*

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	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net Investment in Capital Assets	\$7,984,585	\$9,387,547	\$10,404,332	\$11,206,829
Restricted for:				
Capital Projects	694,252	253,191	243,059	0
Debt Service	3,149,780	3,328,432	3,472,628	3,728,413
Other Purposes	277,658	337,334	426,672	303,158
Unrestricted	<u>1,834,615</u>	<u>2,167,301</u>	<u>1,747,843</u>	<u>2,194,118</u>
Total Net Position	<u>\$13,940,890</u>	<u>\$15,473,805</u>	<u>\$16,294,534</u>	<u>\$17,432,518</u>

2009	2010	2011	2012	2013	2014
\$11,158,736	\$11,374,852	\$9,839,269	\$9,926,872	\$10,136,598	\$10,606,317
1,092,228	1,161,025	3,266,018	1,082,942	1,005,491	1,187,413
3,453,480	3,458,042	3,477,950	3,775,292	3,755,928	3,783,910
389,361	525,067	674,222	657,122	575,421	625,876
844,751	2,828,962	5,427,548	8,567,542	8,424,035	10,626,483
\$16,938,556	\$19,347,948	\$22,685,007	\$24,009,770	\$23,897,473	\$26,829,999

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

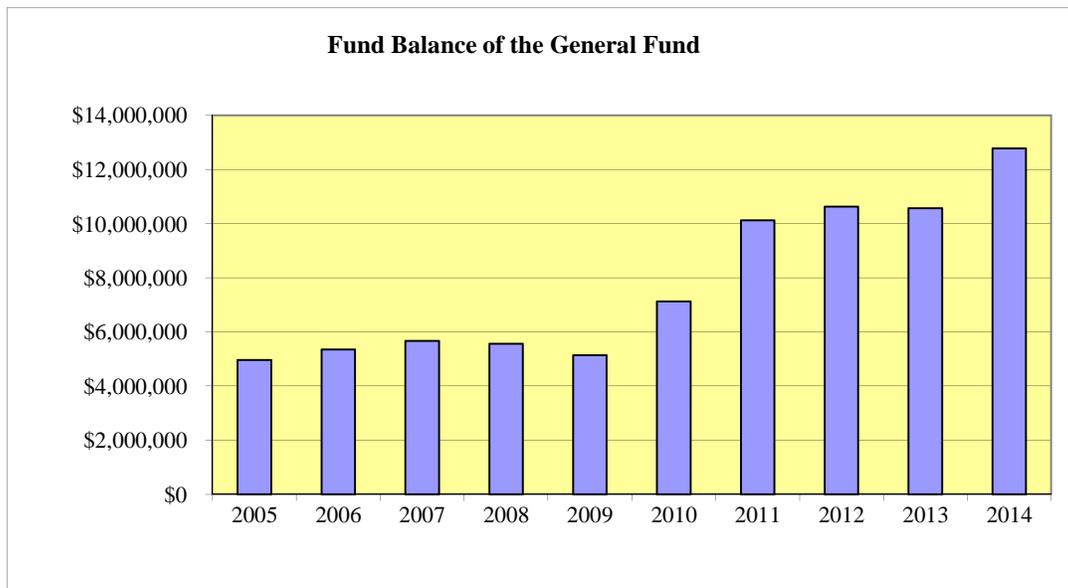
	2005	2006	2007	2008
<b>Expenses</b>				
Regular Instruction	\$18,824,347	\$19,181,614	\$20,004,883	\$21,558,320
Special Instruction	3,694,607	3,964,579	4,603,113	4,835,486
Vocational Instruction	196,199	168,079	193,147	194,028
Student Intervention Services	0	0	0	0
Pupil Support	2,073,596	2,201,623	2,418,861	2,490,528
Instructional Staff Support	2,854,523	2,806,302	3,132,012	2,974,945
Board of Education	32,209	32,661	35,706	38,657
Administration	2,956,743	3,045,649	3,249,707	3,574,520
Fiscal	925,283	1,003,012	970,782	1,048,878
Business	300,767	287,549	299,718	325,633
Operation and Maintenance of Plant	3,422,885	3,776,192	3,949,268	4,002,858
Pupil Transportation	2,991,475	3,258,231	3,490,934	3,540,389
Central	348,821	437,407	469,215	578,689
Operation of Non-Instructional Services	835,474	760,088	777,482	856,858
Operation of Food Services	1,383,071	1,386,551	1,373,576	1,492,421
Extracurricular Activities	928,390	886,853	971,326	975,997
Interest and Fiscal Charges	1,096,586	1,161,101	1,249,576	1,131,121
<i>Total Expenses</i>	<u>42,864,976</u>	<u>44,357,491</u>	<u>47,189,306</u>	<u>49,619,328</u>
<b>Program Revenues</b>				
Charges for Services and Sales				
Regular Instruction	466,294	338,402	251,613	418,480
Special Instruction	0	0	0	0
Vocational Instruction	0	0	0	0
Student Intervention Services	0	0	0	0
Pupil Support	586	353	0	0
Instructional Staff Support	0	0	0	0
Board of Education	0	0	0	0
Administration	0	145	45	0
Fiscal	0	90	48	0
Business	0	0	0	0
Operation and Maintenance of Plant	59,358	50,344	66,496	68,309
Pupil Transportation	0	2,073	1,068	0
Central	0	0	0	0
Operation of Non-Instructional Services	1,125,999	1,176,372	1,162,798	1,170,607
Extracurricular Activities	228,083	228,596	216,673	245,313
Operating Grants and Contributions	2,097,894	2,186,617	2,155,796	2,160,289
Capital Grants and Contributions	153,862	61,179	46,019	75,317
<i>Total Program Revenues</i>	<u>4,132,076</u>	<u>4,044,171</u>	<u>3,900,556</u>	<u>4,138,315</u>
Net Expense	<u>(38,732,900)</u>	<u>(40,313,320)</u>	<u>(43,288,750)</u>	<u>(45,481,013)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes	27,467,331	28,267,848	29,852,874	31,273,337
Debt Service	2,434,371	2,622,996	2,621,799	2,558,605
Capital Outlay	801,374	873,788	938,459	998,619
Grants and Entitlements not				
Restricted to Specific Programs	9,539,711	9,475,185	9,734,777	10,435,570
Unrestricted Contributions	0	0	0	0
Investment Earnings	236,072	516,550	855,268	814,931
Gain on Sale of Capital Assets	0	44	3,000	358,462
Miscellaneous	104,187	89,824	103,302	179,473
<i>Total General Revenues</i>	<u>40,583,046</u>	<u>41,846,235</u>	<u>44,109,479</u>	<u>46,618,997</u>
<i>Change in Net Position</i>	<u>\$1,850,146</u>	<u>\$1,532,915</u>	<u>\$820,729</u>	<u>\$1,137,984</u>

2009	2010	2011	2012	2013	2014
\$22,398,158	\$21,810,291	\$24,299,175	\$26,138,639	\$25,854,788	\$26,652,053
4,129,027	4,401,022	3,270,125	3,273,352	3,515,628	4,653,937
193,977	210,031	208,884	208,167	117,329	30,544
1,672,402	1,914,412	1,143,484	1,191,607	1,137,695	45,732
2,611,154	2,598,723	2,906,588	2,841,655	3,022,582	3,098,915
2,295,479	1,944,788	2,966,901	2,698,007	2,591,553	2,443,880
27,253	37,330	85,366	37,533	42,802	38,560
3,431,405	3,466,191	2,631,576	4,371,516	3,451,156	3,154,290
1,093,106	1,137,626	1,084,082	1,323,210	1,268,445	1,291,997
339,281	314,186	341,468	357,023	350,442	366,020
4,067,791	3,323,518	3,729,890	3,931,841	4,027,974	3,695,103
3,093,446	3,303,329	3,522,509	3,527,949	3,631,902	4,009,801
613,370	503,859	531,003	580,206	601,508	201,333
742,839	832,087	807,799	818,483	1,070,930	944,531
1,442,093	1,336,266	1,299,213	1,254,636	1,141,926	1,285,407
976,880	1,009,845	2,118,498	1,063,664	1,191,528	1,214,962
1,122,733	1,266,086	1,105,884	502,662	834,421	564,948
50,250,394	49,409,590	52,052,445	54,120,150	53,852,609	53,692,013
308,774	424,291	456,677	672,384	699,589	372,506
0	0	0	0	0	54,571
0	0	0	0	0	367
16,058	18,775	19,636	29,332	27,423	9,501
0	0	0	0	0	44,924
0	0	0	0	0	34,597
0	0	0	0	0	568
0	0	357,218	9,934	1,048	43,843
0	0	0	0	0	18,303
0	0	0	0	0	5,324
57,433	175,476	84,682	84,265	98,567	51,467
0	33,500	1,248	8,977	31,378	50,593
0	0	0	0	0	2,766
1,166,919	968,240	1,024,855	1,011,191	819,618	742,776
402,090	406,526	524,783	249,864	447,404	616,651
2,791,285	3,631,781	3,470,946	2,681,759	2,683,068	3,803,100
25,460	170,412	634,617	208,179	314,693	77,351
4,768,019	5,829,001	6,574,662	4,955,885	5,122,788	5,929,208
(45,482,375)	(43,580,589)	(45,477,783)	(49,164,265)	(48,729,821)	(47,762,805)
30,527,173	32,022,770	34,607,536	36,765,860	35,512,106	37,029,906
2,034,569	1,688,528	1,727,765	1,769,762	1,643,245	1,685,638
984,472	888,699	909,349	957,318	919,978	938,428
10,759,786	10,896,050	11,273,655	10,755,927	10,352,797	10,646,928
0	0	0	0	0	3,304
481,638	160,026	66,759	62,955	2,574	103,857
5,534	9,850	0	0	0	8,322
195,241	324,058	229,778	177,206	186,824	278,948
44,988,413	45,989,981	48,814,842	50,489,028	48,617,524	50,695,331
(\$493,962)	\$2,409,392	\$3,337,059	\$1,324,763	(\$112,297)	\$2,932,526

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

	2005	2006	2007	2008
<b>General Fund</b>				
Nonspendable	n/a	n/a	n/a	n/a
Committed	n/a	n/a	n/a	n/a
Assigned	n/a	n/a	n/a	n/a
Unassigned	n/a	n/a	n/a	n/a
Reserved	\$4,076,588	\$3,307,757	\$4,236,611	\$4,502,522
Unreserved (Deficit)	884,649	2,045,734	1,426,330	1,061,446
<b>Total General Fund</b>	<b>4,961,237</b>	<b>5,353,491</b>	<b>5,662,941</b>	<b>5,563,968</b>
<b>All Other Governmental Funds</b>				
Nonspendable	n/a	n/a	n/a	n/a
Restricted	n/a	n/a	n/a	n/a
Committed	n/a	n/a	n/a	n/a
Unassigned (Deficit)	n/a	n/a	n/a	n/a
Reserved	1,155,733	793,273	955,911	703,953
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	155,988	322,889	380,916	369,398
Debt Service Funds	2,776,408	3,017,612	3,241,776	3,441,305
Capital Projects Funds (Deficit)	(521,989)	(225,506)	(336,647)	(459,998)
<b>Total All Other Governmental Funds</b>	<b>3,566,140</b>	<b>3,908,268</b>	<b>4,241,956</b>	<b>4,054,658</b>
<b>Total Governmental Funds</b>	<b>\$8,527,377</b>	<b>\$9,261,759</b>	<b>\$9,904,897</b>	<b>\$9,618,626</b>

**Note:** The School District implemented GASB 54 in fiscal year 2011.



2009	2010	2011	2012	2013	2014
n/a	\$83,939	\$78,249	\$75,296	\$74,520	\$81,437
n/a	0	0	0	0	0
n/a	120,158	256,044	1,922,864	1,928,311	870,004
n/a	6,916,785	9,795,541	8,634,130	8,568,401	11,834,935
\$5,882,948	n/a	n/a	n/a	n/a	n/a
(748,015)	n/a	n/a	n/a	n/a	n/a
5,134,933	7,120,882	10,129,834	10,632,290	10,571,232	12,786,376
n/a	0	0	81,441	100,318	2,732
n/a	5,253,779	7,526,152	5,450,520	5,255,079	5,609,076
n/a	1,200	1,200	1,200	1,200	1,200
n/a	(510,115)	(21,126)	(229,556)	(187,283)	(76,759)
855,885	n/a	n/a	n/a	n/a	n/a
366,085	n/a	n/a	n/a	n/a	n/a
3,225,464	n/a	n/a	n/a	n/a	n/a
(15,108)	n/a	n/a	n/a	n/a	n/a
4,432,326	4,744,864	7,506,226	5,303,605	5,169,314	5,536,249
\$9,567,259	\$11,865,746	\$17,636,060	\$15,935,895	\$15,740,546	\$18,322,625

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

	2005	2006	2007	2008
<b>Revenues</b>				
Property Taxes	\$29,811,003	\$31,621,162	\$33,415,877	\$34,205,019
Intergovernmental	11,619,390	11,570,058	11,818,103	12,556,835
Interest	245,241	525,868	864,152	820,943
Tuition and Fees	332,735	305,125	381,057	322,892
Extracurricular Activities	225,983	227,206	215,637	241,921
Contributions and Donations	162,908	123,105	109,605	108,329
Charges for Services	1,154,091	1,203,212	1,240,255	1,278,303
Rentals	59,358	51,989	58,872	62,488
Miscellaneous	104,187	89,824	103,302	179,473
<i>Total Revenues</i>	<u>43,714,896</u>	<u>45,717,549</u>	<u>48,206,860</u>	<u>49,776,203</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	17,952,372	18,458,518	19,290,075	20,407,395
Special	3,590,761	3,877,343	4,515,969	4,735,179
Vocational	182,888	168,184	186,400	179,747
Student Intervention Services	0	0	0	0
Support Services:				
Pupil	2,051,487	2,161,006	2,356,571	2,469,230
Instructional Staff	2,803,076	2,631,753	3,027,227	2,928,773
Board of Education	32,209	32,661	35,706	38,657
Administration	2,732,941	2,809,307	3,054,205	3,292,509
Fiscal	927,855	995,258	950,820	1,026,711
Business	299,538	286,639	297,493	317,103
Operation and Maintenance of Plant	3,345,796	3,569,376	3,548,421	3,638,912
Pupil Transportation	2,625,312	2,812,288	2,965,680	3,029,463
Central	330,191	418,949	452,042	557,250
Operation of Non-Instructional Services	819,413	771,554	761,606	915,948
Operation of Food Services	1,343,360	1,313,791	1,299,759	1,408,263
Extracurricular Activities	915,181	931,901	954,755	967,013
Capital Outlay	1,242,520	1,025,493	1,247,094	1,828,259
Debt Service:				
Principal Retirement	1,480,000	1,935,000	1,930,000	1,241,594
Interest and Fiscal Charges	828,558	788,646	693,899	628,495
Capital Appreciation Bonds Interest	0	0	0	728,406
Bond Issuance Costs	198,293	0	0	0
<i>Total Expenditures</i>	<u>43,701,751</u>	<u>44,987,667</u>	<u>47,567,722</u>	<u>50,338,907</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>13,145</u>	<u>729,882</u>	<u>639,138</u>	<u>(562,704)</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	4,500	4,000	276,433
General Obligation Bonds Issued	14,424,974	0	0	0
Certificate of Participation Issued	0	0	0	0
Premium on General Obligation Bonds Issued	2,120,721	0	0	0
Discount on Certificate of Participation Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	(16,345,863)	0	0	0
Transfers In	80,500	155,500	147,000	147,000
Transfers Out	(80,500)	(155,500)	(147,000)	(147,000)
<i>Total Other Financing Sources (Uses)</i>	<u>199,832</u>	<u>4,500</u>	<u>4,000</u>	<u>276,433</u>
<i>Net Change in Fund Balances</i>	<u>\$212,977</u>	<u>\$734,382</u>	<u>\$643,138</u>	<u>(\$286,271)</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	5.90%	6.20%	5.61%	5.30%

2009	2010	2011	2012	2013	2014
\$33,945,326	\$34,620,543	\$38,483,074	\$37,940,035	\$38,278,727	\$39,969,046
13,459,733	14,582,445	14,834,568	13,314,136	13,075,221	14,260,159
481,638	160,026	66,759	62,955	2,574	104,428
305,695	347,196	319,092	438,848	634,336	714,953
397,324	554,175	534,062	515,033	567,866	492,952
116,798	115,798	544,650	331,729	275,337	171,504
1,175,407	1,078,024	1,025,353	1,016,198	823,515	742,054
53,711	68,603	593,633	92,960	99,194	111,096
195,241	324,058	229,778	177,206	186,824	278,948
50,130,873	51,850,868	56,630,969	53,889,100	53,943,594	56,845,140
21,503,101	21,295,590	23,738,921	24,403,267	24,728,691	26,101,347
4,067,766	4,304,154	3,122,539	3,207,668	3,395,416	4,592,162
196,590	192,427	195,579	197,782	128,772	39,895
1,600,301	1,901,290	1,138,060	1,189,179	1,233,551	45,732
2,544,283	2,542,093	2,830,579	2,833,344	2,969,569	3,019,297
2,253,825	1,964,190	2,874,452	2,713,289	2,553,383	2,415,954
27,253	37,330	85,366	37,533	42,802	38,560
3,305,585	3,333,173	3,898,949	3,655,960	3,338,971	3,040,446
1,058,988	1,134,329	1,154,314	1,229,812	1,258,659	1,303,512
334,570	310,387	335,207	354,056	344,756	359,745
3,579,539	3,239,354	3,597,065	3,488,977	3,837,123	3,572,784
2,802,742	3,361,002	3,106,555	3,273,926	3,744,611	3,857,486
597,043	485,603	509,548	563,885	577,848	225,832
764,229	721,145	703,028	749,770	987,494	894,381
1,375,593	1,330,059	1,301,456	1,251,036	1,144,729	1,286,438
966,033	994,174	1,053,701	1,041,968	1,139,803	1,197,235
647,255	582,324	2,208,190	3,497,902	662,371	208,234
1,243,984	525,137	165,697	1,380,000	1,435,000	1,490,000
567,299	534,382	522,684	519,911	633,194	582,343
751,016	774,863	1,214,303	0	0	0
0	0	129,697	0	0	0
50,186,995	49,563,006	53,885,890	55,589,265	54,156,743	54,271,383
(56,122)	2,287,862	2,745,079	(1,700,165)	(213,149)	2,573,757
4,755	10,625	0	0	17,800	8,322
0	0	0	0	0	0
0	0	3,070,000	0	0	0
0	0	0	0	0	0
0	0	(44,765)	0	0	0
0	0	0	0	0	0
225,000	226,000	158,000	118,000	118,000	118,000
(225,000)	(226,000)	(158,000)	(118,000)	(118,000)	(118,000)
4,755	10,625	3,025,235	0	17,800	8,322
(\$51,367)	\$2,298,487	\$5,770,314	(\$1,700,165)	(\$195,349)	\$2,582,079
5.15%	3.80%	3.76%	3.51%	3.85%	3.85%

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

Collection Year	Real Property			Estimated Actual Value	Tangible	Personal Property
	Assessed Value				General	Business
	Residential/ Agricultural	Commercial/ Industrial	Total		Assessed Value	Estimated Actual Value
2005	\$750,490,800	\$138,749,800	\$889,240,600	\$2,540,687,429	\$25,647,714	\$111,511,800
2006	790,921,970	140,998,620	931,920,590	2,662,630,257	29,503,890	157,354,080
2007	892,068,420	157,094,370	1,049,162,790	2,997,607,971	23,533,932	188,271,456
2008	906,951,690	160,657,050	1,067,608,740	3,050,310,686	7,052,513	112,840,208
2009	919,081,060	148,347,310	1,067,428,370	3,049,795,343	3,681,598	58,905,568
2010	880,649,410	147,271,440	1,027,920,850	2,936,916,714	0	0
2011	885,827,130	148,183,220	1,034,010,350	2,954,315,286	0	0
2012	890,386,710	149,838,910	1,040,225,620	2,972,073,200	0	0
2013	867,571,890	142,989,250	1,010,561,140	2,887,317,543	0	0
2014	871,126,480	142,923,040	1,014,049,520	2,897,284,343	0	0

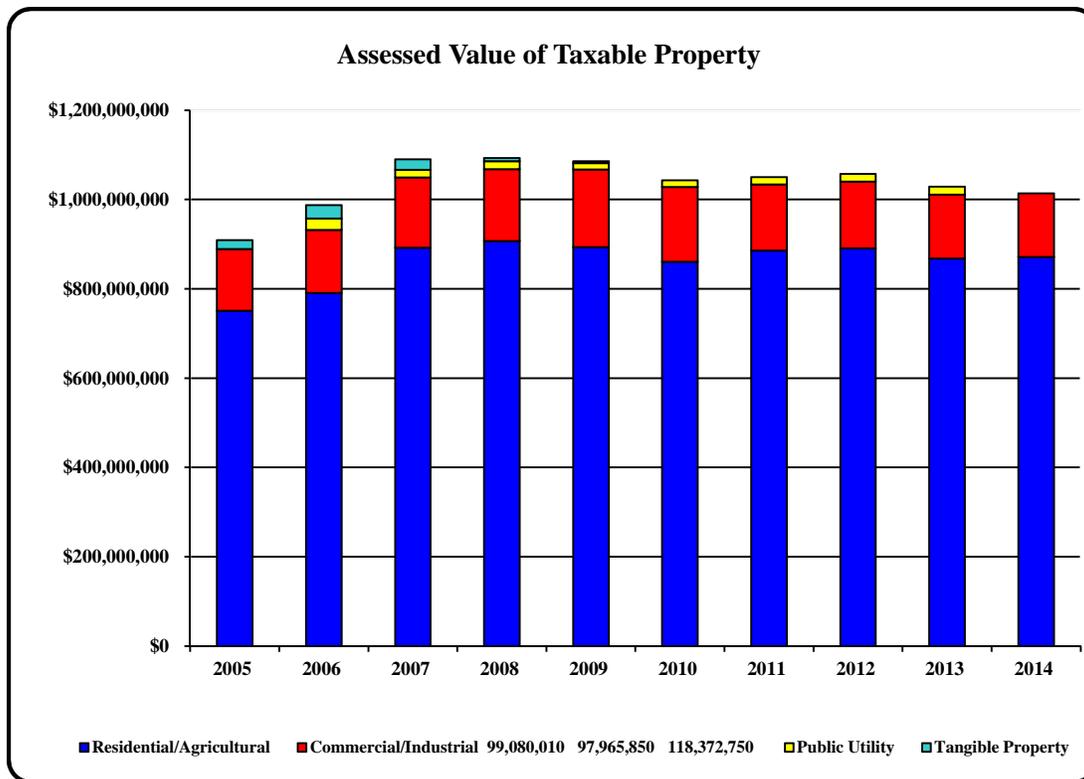
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories.

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

**Source:** Office of the County Fiscal Officer, Cuyahoga County, Ohio

Tangible Personal Property		Total			
Public Utility					
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Total Tax Rate	Weighted Average Tax Rate
\$19,944,270	\$22,663,943	\$934,832,584	\$2,674,863,172	\$36.600100	\$37.824227
17,260,620	19,614,341	978,685,100	2,839,598,678	35.900100	37.113322
17,952,160	20,400,182	1,090,648,882	3,206,279,609	34.699900	35.654672
14,318,510	16,271,034	1,088,979,763	3,179,421,928	34.500000	34.992583
15,178,170	17,247,920	1,086,288,138	3,125,948,831	33.700100	34.106647
16,176,820	18,382,750	1,044,097,670	2,955,299,464	33.746200	32.676602
17,182,820	19,525,932	1,051,193,170	2,973,841,218	40.439000	40.787148
17,900,300	20,341,250	1,058,125,920	2,992,414,450	40.361800	40.726218
19,486,420	22,143,659	1,030,047,560	2,909,461,202	40.851993	41.255660
21,388,440	24,305,045	1,035,437,960	2,921,589,388	40.873305	41.520780



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

	2005	2006	2007	2008
<b>Unvoted Millage</b>				
Operating	\$6.000000	\$6.000000	\$6.000000	\$6.000000
<b>Voted Millage - by levy</b>				
Permanent Improvement	\$1.000000	\$1.000000	\$1.000000	\$1.000000
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	13.101000	13.104600	13.161000	13.161400
Commercial/Industrial	12.865000	12.947600	12.899900	12.899900
Tangible/Public Utility Personal	36.100000	36.100000	36.100000	36.100000
1977 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	1.056200	1.055100	1.038100	1.038000
Commercial/Industrial	1.139400	1.146700	1.128200	1.128200
Tangible/Public Utility Personal	2.500000	2.500000	2.500000	2.500000
1987 Bond (\$7,750,000)	0.800000	0.900000	0.700000	0.500000
1988 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	0.842900	0.840400	0.800800	0.800600
Commercial/Industrial	0.995700	1.002100	0.971900	0.971900
Tangible/Public Utility Personal	1.500000	1.500000	1.500000	1.500000
1994 Bond (\$24,000,000)	2.200000	2.100000	2.000000	2.000000
1995 Emergency (\$2,900,000) (1)	3.300000	0.000000	0.000000	0.000000
1996 Emergency (\$3,795,000) (2)	4.300000	0.000000	0.000000	0.000000
2002 Emergency (\$4,395,000)	5.000000	4.700000	4.400000	0.000000
2005 Emergency (\$6,695,000)	0.000000	7.200000	6.600000	6.600000
2007 Emergency (\$4,395,000)	0.000000	0.000000	0.000000	4.400000
2009 Emergency (\$6,700,000)	0.000000	0.000000	0.000000	0.000000
2010 Emergency (\$6,695,000)	0.000000	0.000000	0.000000	0.000000
<b>Total Effective Voted Millage by type of property</b>				
Residential/Agricultural	\$31.600100	\$30.900100	\$29.699900	\$29.500000
Commercial/Industrial	31.600100	30.996400	29.700000	29.500000
Tangible/Public Utility Personal	56.700000	56.000000	54.800000	54.600000
<b>Total Effective Millage by type of property</b>				
Residential/Agricultural	\$37.600100	\$36.900100	\$35.699900	\$35.500000
Commercial/Industrial	37.600100	36.996400	35.700000	35.500000
Tangible/Public Utility Personal	62.700000	62.000000	60.800000	60.600000
<b>Total Weighted Average Tax Rate</b>	\$37.824227	\$37.113322	\$35.654672	\$34.992583

2009	2010	2011	2012	2013	2014
\$6.000000	\$5.000000	\$5.000000	\$5.000000	\$5.000000	\$5.000000
\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
13.161600	13.816300	13.810000	13.830000	14.260113	14.278813
13.248100	13.283900	13.230000	13.267700	13.682405	13.615800
36.100000	36.100000	36.100000	36.100000	36.100000	36.100000
1.038000	1.089600	1.089100	1.090700	1.124612	1.126087
1.158700	1.161800	1.157100	1.160400	1.196637	1.190812
2.500000	2.500000	2.500000	2.500000	2.500000	2.500000
0.800000	0.000000	0.000000	0.000000	0.000000	0.000000
0.800500	0.840300	0.839900	0.841100	0.867268	0.868405
0.998100	1.000800	0.996800	0.999600	1.030854	1.025835
1.500000	1.500000	1.500000	1.500000	1.500000	1.500000
1.100000	1.900000	1.900000	1.800000	1.800000	1.800000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
6.500000	0.000000	0.000000	0.000000	0.000000	0.000000
4.300000	4.400000	4.400000	4.400000	4.400000	4.400000
0.000000	6.700000	6.700000	6.700000	6.700000	6.700000
0.000000	0.000000	6.700000	6.700000	6.700000	6.700000
\$28.700100	\$29.746200	\$36.439000	\$36.361800	\$36.851993	\$36.873305
29.104900	29.446500	36.083900	36.027700	36.509896	36.432447
53.800000	54.100000	60.800000	60.700000	60.700000	60.700000
\$34.700100	\$34.746200	\$41.439000	\$41.361800	\$41.851993	\$41.873305
35.104900	34.446500	41.083900	41.027700	41.509896	41.432447
59.800000	59.100000	65.800000	65.700000	65.700000	65.700000
\$35.104175	\$33.635387	\$41.787148	\$41.726218	\$42.255660	\$42.526014

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

	2005	2006	2007	2008
<b>Overlapping Rates by Taxing District</b>				
City of North Royalton				
Effective Millage Rates				
Residential/Agricultural	\$6.131600	\$6.120300	\$5.774100	\$5.770800
Commercial/Industrial	6.596800	6.625300	6.465800	6.468300
Tangible/Public Utility Personal	8.200000	8.200000	8.200000	8.200000
City of Broadview Heights				
Effective Millage Rates				
Residential/Agricultural	6.330900	6.326500	6.272500	6.273100
Commercial/Industrial	6.953400	6.953200	6.817300	6.814700
Tangible/Public Utility Personal	9.400000	9.400000	9.400000	9.400000
Cuyahoga County				
Effective Millage Rates				
Residential/Agricultural	13.424600	14.172700	14.351600	14.355800
Commercial/Industrial	14.662400	15.281400	15.171600	15.121000
Tangible/Public Utility Personal	16.450000	16.450000	16.350000	16.350000
Cuyahoga County Library				
Effective Millage Rates				
Residential/Agricultural	1.993100	1.993500	1.809300	1.808600
Commercial/Industrial	1.989200	2.000000	1.876400	1.871900
Tangible/Public Utility Personal	2.000000	2.000000	2.000000	2.000000
Cuyahoga Valley JVSD				
Effective Millage Rates				
Residential/Agricultural	2.000000	2.000000	2.000000	2.000000
Commercial/Industrial	2.000000	2.000000	2.000000	2.000000
Tangible/Public Utility Personal	2.000000	2.000000	2.000000	2.000000
Cleveland Metro Parks				
Effective Millage Rates				
Residential/Agricultural	1.845700	1.846500	1.671500	1.672000
Commercial/Industrial	1.839700	1.850000	1.718700	1.712500
Tangible/Public Utility Personal	1.850000	1.850000	1.850000	1.850000

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

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

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

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

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

**Source:** Ohio Department of Taxation

**Rate:** Emergency and Debt Service levies are designed to raise a fixed amount of revenue each year. A rate is set each year so that when it is applied to the total assessed value, the fixed amount is generated.

2009	2010	2011	2012	2013	2014
\$5.769800	\$5.911700	\$5.912900	\$5.917500	\$6.045118	\$6.049129
6.591400	6.621000	6.609600	6.621800	6.769300	6.748199
8.200000	8.200000	8.200000	8.200000	8.200000	8.200000
6.273770	6.315657	6.315265	6.316400	7.325470	7.326583
6.817285	6.800420	6.787837	6.786000	7.796454	7.791766
9.400000	9.400000	9.400000	9.400000	10.400000	10.400000
15.150600	13.178900	13.186600	13.118200	13.220000	14.050000
15.489300	12.845700	12.841200	12.784600	12.996761	13.949465
16.250000	13.320000	13.320000	13.220000	13.220000	14.050000
2.500000	2.500000	2.500000	2.500000	2.500000	2.500000
2.500000	2.500000	2.500000	2.500000	2.500000	2.500000
2.500000	2.500000	2.500000	2.500000	2.500000	2.500000
2.000000	2.000000	2.000000	2.000000	2.000000	2.000000
2.000000	2.000000	2.000000	2.000000	2.000000	2.000000
2.000000	2.000000	2.000000	2.000000	2.000000	2.000000
1.669800	1.806800	1.810600	1.818800	1.850000	2.750000
1.717100	1.724900	1.724300	1.735400	1.791705	2.704560
1.850000	1.850000	1.850000	1.850000	1.850000	2.750000

**North Royalton City School District**

*Property Tax Levies and Collections (1)*

*Last Ten Years*

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2003	\$36,339,103	\$32,846,659	90.39%	\$1,015,315	\$33,861,974	93.18%
2004	36,868,413	34,061,837	92.39	886,993	34,948,830	94.79
2005	37,663,289	35,455,548	94.14	900,530	36,356,078	96.53
2006	38,967,809	35,586,595	91.32	697,313	36,283,908	93.11
2007	38,310,937	36,802,765	96.06	971,671	37,774,436	98.60
2008	37,443,566	36,204,256	96.69	822,499	37,026,755	98.89
2009	43,410,682	42,242,926	97.31	964,940	43,207,866	99.53
2010	43,986,984	42,879,026	97.48	835,684	43,714,710	99.38
2011	44,113,787	42,901,802	97.25	938,240	43,840,042	99.38
2012	43,594,921	42,101,571	96.57	907,281	43,008,852	98.66

**Source:** Office of the Fiscal Officer, Cuyahoga County, Ohio

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Collection year 2012 is the latest information available from the County.
- (3) The County current system does not track delinquent tax collections by tax year in total. This presentation will be updated as new information becomes available.
- (4) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and deletions which are brought on in one lump sum. Penalties and interest are included, since by Ohio Law they become part of the tax obligation.

**North Royalton City School District**

*Principal Taxpayers*

*Real Estate Tax*

*2014 and 2005*

Name of Taxpayer	2014	
	Assessed Value	Percent of Real Property Assessed Value
Spruce Lake, LTD	\$7,409,400	0.73 %
Hampton Club Company	7,305,110	0.72
JVM Royal Oaks Apartments	6,466,710	0.64
JVM Dover Farms Apartments	5,486,260	0.54
I & J Associates, LTD	3,506,940	0.35
Deer Creek Apartments, LTD	3,143,150	0.31
Oak Brook Garden Apartments	2,836,790	0.28
Pine Forest Apartments	2,815,860	0.28
MCI Telecommunications	2,788,280	0.27
North Royalton Ohio Property, LLC	2,676,910	0.26
<b>Total</b>	<b>\$44,435,410</b>	<b>4.38 %</b>
<b>Total Real Estate Assessed Valuation</b>	<b>\$1,014,049,520</b>	

Name of Taxpayer	2005	
	Assessed Value	Percent of Real Property Assessed Value
Spruce Lake, LTD	\$8,209,635	0.92 %
CAPREIT Royalton	6,603,660	0.74
MCI Telecommunications	5,427,485	0.61
M & J Dover Farms, LP	5,375,025	0.60
I & J Associates, LTD	3,811,675	0.43
Deer Creek Apartments, LTD	3,776,990	0.42
Oak Brook Garden Apartments	3,597,545	0.40
Pine Forest Apartments	3,514,735	0.40
Royalton Plaza	2,399,985	0.28
Timber Ridge Investments, LTD	2,363,200	0.27
<b>Total</b>	<b>\$45,079,935</b>	<b>5.07 %</b>
<b>Total Real Estate Assessed Valuation</b>	<b>\$889,240,600</b>	

**Source:** Office of the Fiscal Officer, Cuyahoga County, Ohio

**North Royalton City School District**

*Principal Taxpayers*

*Public Utilities Tax*

*2014 and 2005*

Name of Taxpayer	2014	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$14,781,750	69.11 %
Columbia Gas of Ohio, Incorporated	2,584,240	12.08
American Transmission System	133,410	0.63
<b>Total</b>	<b>\$17,499,400</b>	<b>81.82 %</b>
<b>Total Public Utility Valuation</b>	<b>\$21,388,440</b>	

Name of Taxpayer	2005	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$9,508,380	47.67 %
Ohio Bell Telephone Company	4,199,310	21.06
Columbia Gas of Ohio, Incorporated	1,424,960	7.14
<b>Total</b>	<b>\$15,132,650</b>	<b>75.87 %</b>
<b>Total Public Utility Valuation</b>	<b>\$19,944,270</b>	

**Source:** Office of the Fiscal Officer, Cuyahoga County, Ohio

**North Royalton City School District**  
*Computation of Direct and Overlapping*  
*Governmental Activities Debt*  
*December 31, 2014*

	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount of Direct and Overlapping Debt</u>
Direct:			
North Royalton			
City School District			
General Obligation Bonds	\$10,555,354	100.00%	\$10,555,354
Certificates of Participation	2,909,711	100.00	2,909,711
<b>Total Direct</b>	<u>13,465,065</u>	100.00	<u>13,465,065</u>
Overlapping:			
City of North Royalton			
General Obligation Bonds	12,821,999	98.56	12,637,362
Special Assessment Bonds	1,172,004	98.56	1,155,127
Police and Fire Pension	111,255	98.56	109,653
OPWC Loans	313,272	98.56	308,761
City of Broadview Heights			
General Obligation Bonds	3,334,397	24.70	823,596
Special Assessment Bonds	1,921,510	24.70	474,613
OWDA Loans	815,562	24.70	201,444
OPWC Loans	110,000	24.70	27,170
Cuyahoga County			
General Obligation Bonds	335,242,118	3.05	10,224,885
Capital Lease Obligations	372,101,958	3.05	11,349,110
Loans Payable	6,058,580	3.05	184,787
Regional Transit Authority			
General Obligation Bonds	148,938,217	3.05	4,542,616
Capital Lease Obligation	16,149,572	3.05	492,562
<b>Total Overlapping</b>	<u>899,090,444</u>		<u>42,531,684</u>
<b>Total</b>	<u>\$912,555,509</u>		<u>\$55,996,749</u>

Source: Office of the Fiscal Officer, Cuyahoga County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2014 collection year.

**North Royalton City School District**  
*Ratio of General Obligation Bonded Debt  
to Estimated Actual Value, Personal Income and Population  
Last Ten Fiscal Years*

Fiscal Year	General Bonded Debt			Other
	General Bonded Debt (1)	Ratio of Bonded Debt to Estimated Actual Value (2)	Bonded Debt per Capita (3)	Certificates of Participation
2005	\$21,469,751	0.80 %	\$749	\$0
2006	19,898,979	0.70	695	0
2007	18,398,102	0.57	642	0
2008	16,916,326	0.53	590	0
2009	15,462,270	0.49	540	0
2010	14,806,925	0.50	517	0
2011	16,997,212	0.57	558	0
2012	12,768,835	0.43	419	3,026,727
2013	12,135,528	0.42	399	2,973,219
2014	10,555,354	0.36	347	2,909,711

- (1) Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.
- (2) The Estimated Actual Value can be found on S10-S11
- (3) The population can be found on S24
- (4) The personal income can be found on S24

**Source:** Office of the Treasurer, North Royalton City School District,  
Cuyahoga County Fiscal Officer and the U.S Census Bureau

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Total Debt	Ratio of General Debt to Personal Income (4)	General Debt per Capita (3)
\$21,469,751	2.82 %	\$749.43
19,898,979	2.61	694.60
18,398,102	2.41	642.21
16,916,326	2.22	590.49
15,462,270	2.03	539.73
14,806,925	1.94	516.86
16,997,212	1.75	558.31
15,795,562	1.63	518.84
15,108,747	1.56	496.28
13,465,065	1.39	442.29

**North Royalton City School District**  
*Computation of Legal Debt Margin*  
*Last Ten Fiscal Years*

	<u>2005</u>	<u>2006 (1)</u>	<u>2007 (1)</u>	<u>2008 (1)</u>
Residential/Agricultural Real Property	\$750,490,800	\$790,921,970	\$892,068,420	\$906,951,690
Commercial/Industrial Real Property	138,749,800	140,998,620	157,094,370	160,657,050
Tangible Personal Property	25,647,714	29,503,890	23,533,932	7,052,513
Public Utility Tangible	19,944,270	17,260,620	17,952,160	14,318,510
Less: Rail Road and Telephone Tangible Property	<u>0</u>	<u>(33,657,710)</u>	<u>(27,632,182)</u>	<u>(10,089,603)</u>
Assessed Valuation	<u>\$934,832,584</u>	<u>\$945,027,390</u>	<u>\$1,063,016,700</u>	<u>\$1,078,890,160</u>
Debt Limit - 9% of Assessed Value (2)	\$84,134,933	\$85,052,465	\$95,671,503	\$97,100,114
Amount of Debt Outstanding				
General Obligation Bonds	19,454,079	17,895,689	15,965,689	14,724,095
Certificates of Participation	0	0	0	0
Less Amount Available in Debt Service	<u>(3,130,487)</u>	<u>(3,282,793)</u>	<u>(3,546,596)</u>	<u>(3,763,757)</u>
Total	16,323,592	14,612,896	12,419,093	10,960,338
Exemptions:				
Certificates of Participation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amount of Debt Subject to Limit	<u>16,323,592</u>	<u>14,612,896</u>	<u>12,419,093</u>	<u>10,960,338</u>
Overall Debt Margin	<u>\$67,811,341</u>	<u>\$70,439,569</u>	<u>\$83,252,410</u>	<u>\$86,139,776</u>
Legal Debt Margin as a Percentage of Debt Limit	80.60%	82.82%	87.02%	88.71%
Unvoted Legal Debt Limit - .10% of Assessed Value (2)	\$934,833	\$945,027	\$1,063,017	\$1,078,890
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Debt Margin	<u>\$934,833</u>	<u>\$945,027</u>	<u>\$1,063,017</u>	<u>\$1,078,890</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%

**Source:** Cuyahoga County Fiscal Officer and School District Financial Records

- (1) HB530 changed the assessed valuation utilized in the legal debt margin calculation to exclude tangible personal property as well as railroad and telephone tangible property.
- (2) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

2009 (1)	2010	2011	2012	2013	2014
\$919,081,060	\$880,649,410	\$885,827,130	\$890,386,710	\$867,571,890	\$871,126,480
148,347,310	147,271,440	148,183,220	149,838,910	142,989,250	142,923,040
3,681,598	0	0	0	0	0
15,178,170	16,176,820	17,182,820	17,900,300	19,486,420	21,388,440
0	0	0	0	0	0
<u>\$1,086,288,138</u>	<u>\$1,044,097,670</u>	<u>\$1,051,193,170</u>	<u>\$1,058,125,920</u>	<u>\$1,030,047,560</u>	<u>\$1,035,437,960</u>
\$97,765,932	\$93,968,790	\$94,607,385	\$95,231,333	\$92,704,280	\$93,189,416
13,480,111	12,954,974	12,789,277	12,675,000	11,295,000	9,870,000
0	0	0	3,070,000	3,015,000	2,950,000
<u>(3,225,464)</u>	<u>(3,635,223)</u>	<u>(3,735,956)</u>	<u>(3,747,744)</u>	<u>(3,728,727)</u>	<u>(3,775,408)</u>
10,254,647	9,319,751	9,053,321	11,997,256	10,581,273	9,044,592
0	0	0	(3,070,000)	(3,015,000)	(2,950,000)
<u>10,254,647</u>	<u>9,319,751</u>	<u>9,053,321</u>	<u>8,927,256</u>	<u>7,566,273</u>	<u>6,094,592</u>
<u>\$87,511,285</u>	<u>\$84,649,039</u>	<u>\$85,554,064</u>	<u>\$86,304,077</u>	<u>\$85,138,007</u>	<u>\$87,094,824</u>
89.51%	90.08%	90.43%	90.63%	91.84%	93.46%
\$1,086,288	\$1,044,098	\$1,051,193	\$1,058,126	\$1,030,048	\$1,035,438
0	0	0	0	0	0
<u>\$1,086,288</u>	<u>\$1,044,098</u>	<u>\$1,051,193</u>	<u>\$1,058,126</u>	<u>\$1,030,048</u>	<u>\$1,035,438</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**North Royalton City School District**  
*Demographic and Economic Statistics*  
*Last Ten Years*

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Year	Estimated Population	Total Personal Income	Personal Income Per Capita	Median Household Income
2005	28,648	\$762,323,280	26,610	\$57,398
2006	28,648	762,323,280	26,610	57,398
2007	28,648	762,323,280	26,610	57,398
2008	28,648	762,323,280	26,610	57,398
2009	28,648	762,323,280	26,610	57,398
2010	28,648	762,323,280	26,610	57,398
2011	30,444	971,194,044	31,901	61,954
2012	30,444	971,194,044	31,901	61,954
2013	30,444	971,194,044	31,901	61,954
2014	30,444	971,194,044	31,901	61,954

Source: U.S. Census Bureau  
2005-2010, 2000 Census  
2011-2014, 2010 Census

1) Information includes only the City of North Royalton.

Median Age	Median Value of Residential Property	Cuyahoga County Unemployment Rate	Total Assessed Property Value
38.60	\$175,000	6.6	\$934,832,584
38.60	175,000	9.6	978,685,100
38.60	175,000	6.3	1,090,648,882
38.60	175,000	7.4	1,088,979,763
38.60	175,000	10.2	1,086,288,138
38.60	175,000	9.7	1,044,097,670
38.60	199,200	8.6	1,051,193,170
38.60	199,200	8.2	1,058,125,920
38.60	199,200	8.0	1,030,047,560
38.60	199,200	7.9	1,035,437,960

**North Royalton City School District**  
*Principal Employers*  
*December 31, 2012 and December 31, 2005 (1)*

<b>2012</b>			
Employer	City	Nature of Business or Activity	Number of Employees
North Royalton City School District	North Royalton	Public Education	558
Northeast Care Center, Incorporated	North Royalton	Residential/Habilitative Service for Disability	383
Diplomate Care	North Royalton	Nursing Home	252
City of North Royalton	North Royalton	Government	248
Riser Foods Company	North Royalton	Grocery Store	203
Cuyahoga County Government	North Royalton	County Government	160
I & MJ Gross	North Royalton	Owner Developer	150
Laszeray Technologies	North Royalton	Advanced Manufacturing	94
Valley Tool & Die, Incorporated	North Royalton	Machine Fasteners	71
M. Digioia Company, LLC	North Royalton	Building Contractor	61
Total			<u>2,180</u>
Total Employment within the School District			<u>n/a</u>

<b>2005</b>			
Employer	City	Nature of Business or Activity	Number of Employees
North Royalton City School District	North Royalton	Public Education	541
Patrician, Incorporated	North Royalton	Nursing Home	299
City of North Royalton	North Royalton	Government	254
Riser Foods Company	North Royalton	Grocery Store	185
Commercial Drivers	North Royalton	Transportation	169
Northeast Care Center, Incorporated	North Royalton	Residential/Habilitative Service for Disability	150
Krenz Krist	North Royalton	Metal Fabricators	75
Valley Tool & Die, Incorporated	North Royalton	Machining Fasteners	64
Royal Wire Products, Incorporated	North Royalton	Wire Products	50
Seneca Tape and Label, Incorporated	North Royalton	Tape and Label Services	40
Total			<u>1,827</u>
Total Employment within the School District			<u>n/a</u>

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

(1) Information prior to 2005 is not available, and 2012 is the most current information available.

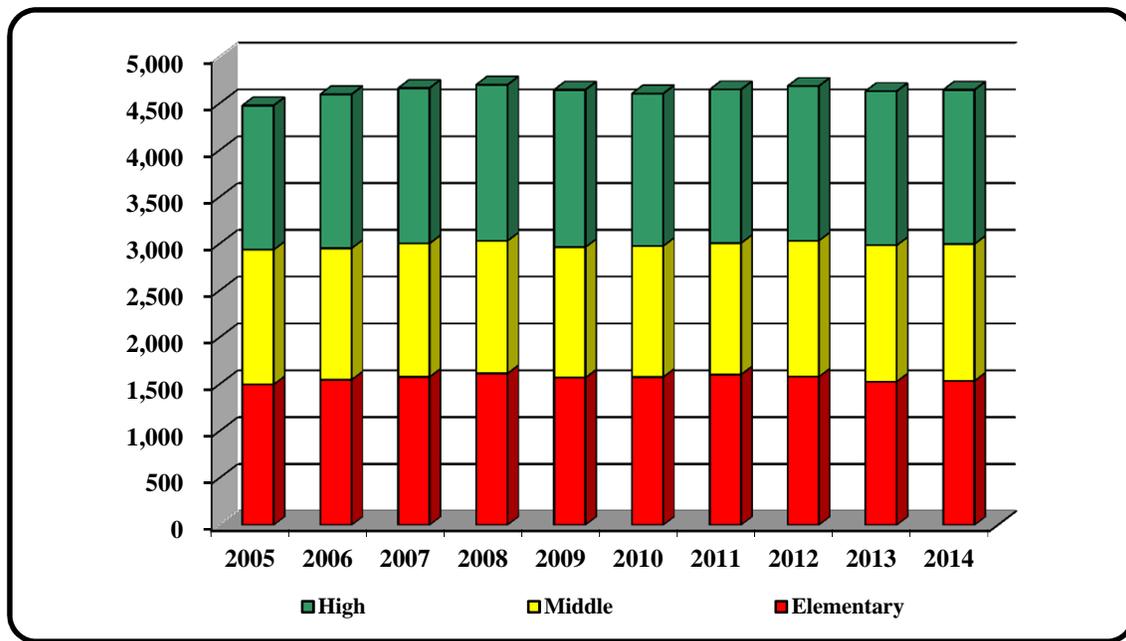
n/a - Information not available

## North Royalton City School District

### *Enrollment Statistics*

#### *Last Ten Fiscal Years*

Fiscal Year	Elementary Schools (1)	Middle School	High School	Total
2005	1,501	1,438	1,541	4,480
2006	1,551	1,404	1,644	4,599
2007	1,581	1,425	1,660	4,666
2008	1,618	1,416	1,667	4,701
2009	1,573	1,393	1,681	4,647
2010	1,580	1,399	1,628	4,607
2011	1,607	1,403	1,641	4,651
2012	1,583	1,453	1,651	4,687
2013	1,531	1,455	1,646	4,632
2014	1,539	1,462	1,646	4,647



Source: North Royalton City School Records

(1) Enrollment includes Kindergarten students

**North Royalton City School District**

*Building Statistics by Function/Program*

*Last Ten Fiscal Years*

	2005	2006	2007	2008
<b>Albion Elementary School</b>				
Constructed in 1955				
Total Building Square Footage	45,505	45,505	45,505	45,405
Enrollment Grades 1 - 4	372	365	382	390
Student Capacity	476	476	476	476
Regular Instruction Classrooms	18	18	18	18
Regular Instruction Teachers	18	18	18	18
Special Instruction Classrooms	3	3	3	3
Special Instruction Teachers	3	3	3	3
<b>Royal View Elementary School</b>				
Constructed in 1965				
Total Building Square Footage	48,460	48,460	48,460	48,460
Enrollment Grades 1 - 4	439	420	439	445
Student Capacity	525	525	525	525
Regular Instruction Classrooms	24	24	25	25
Regular Instruction Teachers	24	24	25	25
Special Instruction Classrooms	2	3	3	3
Special Instruction Teachers	2	3	3	3
<b>Valley Vista Elementary School</b>				
Constructed in 1959				
Total Building Square Footage	42,536	42,536	42,536	42,536
Enrollment Grades 1 - 4	380	403	430	423
Student Capacity	426	426	426	426
Regular Instruction Classrooms	19	18	18	18
Regular Instruction Teachers	19	18	18	18
Special Instruction Classrooms	2	2	2	2
Special Instruction Teachers	2	2	2	2
<b>North Royalton Middle School</b>				
Constructed in 1996				
Total Building Square Footage	242,400	242,400	242,400	242,400
Enrollment Grades 5 - 8	1,438	1,404	1,425	1,416
Student Capacity	1,300	1,300	1,300	1,300
Regular Instruction Classrooms	61	64	64	64
Regular Instruction Teachers	61	64	64	10
Special Instruction Classrooms	11	10	10	10
Special Instruction Teachers	11	10	10	10
<b>High School</b>				
Constructed in 1950				
Total Building Square Footage	260,900	260,900	260,900	260,900
Enrollment Grades 9 - 12	1,541	1,644	1,660	1,667
Student Capacity	1,480	1,480	1,480	1,480
Regular Instruction Classrooms	64	64	64	64
Regular Instruction Teachers	64	64	64	64
Special Instruction Classrooms	8	9	9	9
Special Instruction Teachers	8	9	9	9

Source: North Royalton City School District Records

**Note:** Kindergarten kids in Early Childhood Center located in four buildings rented from Broadview Heights.

2009	2010	2011	2012	2013	2014
45,405	45,405	45,405	45,405	45,405	45,405
398	389	407	437	382	391
476	476	476	476	476	476
18	18	18	18	18	18
18	18	18	18	18	18
3	3	3	3	3	3
3	3	3	3	3	3
48,460	48,460	48,460	48,460	48,460	48,460
440	470	446	441	414	392
525	525	525	525	525	525
25	25	25	25	25	25
25	25	25	25	25	25
3	3	3	3	3	3
3	3	3	3	3	3
42,536	42,536	42,536	42,536	42,536	42,536
424	396	393	390	421	406
426	426	426	426	426	426
18	18	18	18	18	18
18	18	18	18	18	18
2	2	2	2	2	2
2	2	2	2	2	2
242,400	242,400	242,400	242,400	242,400	242,400
1,393	1,399	1,403	1,453	1,455	1,462
1,300	1,300	1,300	1,300	1,300	130
64	64	64	64	64	64
64	64	64	64	64	64
10	10	10	10	10	10
10	10	10	10	10	10
260,900	260,900	260,900	260,900	260,900	260,900
1,681	1,628	1,641	1,651	1,646	1,646
1,480	1,480	1,480	1,480	1,480	1,480
64	64	64	64	64	64
64	64	64	64	64	64
9	9	9	9	9	9
9	9	9	9	9	9

**North Royalton City School District**

*Per Pupil Cost*

*Last Ten Fiscal Years*

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Fiscal Year	Student Enrollment		General Governmental	
	Average Enrollment	Percentage of Change	Total Expenditures (1)	Per Pupil Cost
2005	4,480	(0.24) %	\$41,194,900	9,195
2006	4,599	2.66	42,264,021	9,190
2007	4,666	1.46	44,943,823	9,632
2008	4,701	0.75	47,740,412	10,155
2009	4,647	(1.15)	47,624,696	10,248
2010	4,607	(0.86)	47,728,624	10,360
2011	4,651	0.96	51,961,121	11,172
2012	4,687	0.77	53,689,354	11,455
2013	4,632	(1.17)	52,088,549	11,245
2014	4,647	0.32	52,199,040	11,233

Source: School District Records  
Ohio Department of Education

(1) Debt Service totals have been excluded.

Governmental Activities		Food Service Operations	
Total Expenses (1)	Per Pupil Cost	Number of Students Receiving Free or Reduced Lunch	Percentage of Free or Reduced Lunches to Total Enrollment
\$41,768,390	\$9,323	394	8.79%
43,196,390	9,393	429	9.33
45,939,730	9,846	433	9.28
48,488,207	10,314	557	11.85
49,127,661	10,572	460	9.90
48,143,504	10,450	807	17.52
50,946,561	10,954	N/A	N/A
53,617,488	11,440	N/A	N/A
53,018,188	11,446	N/A	N/A
53,127,065	11,433	N/A	N/A

**North Royalton City School District**  
*School District Employees by Function/Program*  
*Last Ten Fiscal Years*

Function/Program	2005	2006	2007	2008
<b>Regular Instruction</b>				
Elementary Classroom Teachers	75	76	82	83
Middle School Classroom Teachers	72	74	74	74
High School Classroom Teachers	70	71	73	75
<b>Special Instruction</b>				
Small Group Instructors	6	10	10	10
Elementary Classroom Teachers	10	12	13	13
Gifted Education Teachers	3	3	3	3
Middle School Classroom Teachers	11	10	10	10
High School Classroom Teachers	8	9	9	9
<b>Vocational Instruction</b>				
High School Classroom Teachers	2	2	2	2
<b>Pupil Support Services</b>				
Guidance Counselors	10	11	11	10
Media Specialists	4	2	4	4
Psychologists	6	6	6	5
Speech and Language Pathologists	4	4	5	6
<b>Administrators</b>				
Elementary	3	4	4	4
Middle School	3	3	3	4
High School	4	4	5	5
Districtwide	5	5	5	5
Total Certificated Staff	<u>296</u>	<u>306</u>	<u>319</u>	<u>322</u>
<b>Support Staff</b>				
Elementary Schools	70	72	74	72
Middle School	52	52	53	54
High School	51	54	54	53
Districtwide	<u>72</u>	<u>77</u>	<u>75</u>	<u>77</u>
Total Support Staff	<u>245</u>	<u>255</u>	<u>256</u>	<u>256</u>
Total Staffing	<u><u>541</u></u>	<u><u>561</u></u>	<u><u>575</u></u>	<u><u>578</u></u>

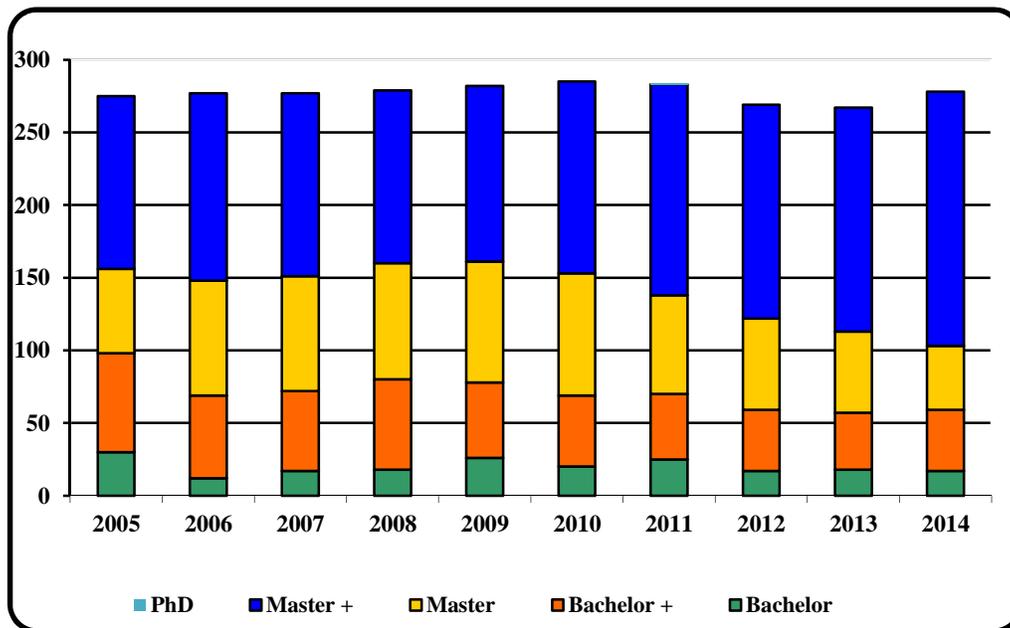
**Method:** Using 1.0 for each full-time employee at fiscal year end.

Source: North Royalton City School District Records

2009	2010	2011	2012	2013	2014
87	83	81	81	79	75
79	78	78	76	76	74
78	76	79	73	72	75
10	10	10	7	8	8
13	13	13	14	14	14
3	3	3	3	3	3
10	10	10	10	11	11
10	9	9	10	9	9
2	2	2	2	2	0
11	11	11	11	11	11
4	4	4	2	1	2
4	4	4	5	5	5
6	6	6	5	5	5
4	4	4	4	4	4
4	4	4	3	3	3
5	5	5	4	4	4
5	5	5	6	6	7
335	327	328	316	313	310
67	69	69	66	66	66
48	49	49	48	48	49
49	52	52	52	49	50
79	84	84	84	84	83
243	254	254	250	247	248
578	581	582	566	560	558

**North Royalton City School District**  
*Full-Time Equivalent Teachers by Education*  
*Last Ten Fiscal Years*

Degree	2005	2006	2007	2008
Bachelor	30	12	17	18
Bachelor +6	9	8	9	10
Bachelor +12	13	8	9	13
Bachelor +18	11	10	10	11
Bachelor +24	9	8	7	6
Bachelor +30	26	23	20	22
Master	58	79	79	80
Master +6	23	28	26	26
Master +12	46	45	45	48
Master +18	20	19	21	21
Master +24	7	8	6	6
Master +30	7	7	6	4
Master +36	4	10	8	3
Master +42	2	0	2	1
Master +48	10	12	12	10
PhD	0	0	0	0
<b>Total</b>	<b>275</b>	<b>277</b>	<b>277</b>	<b>279</b>



Source: School District Records

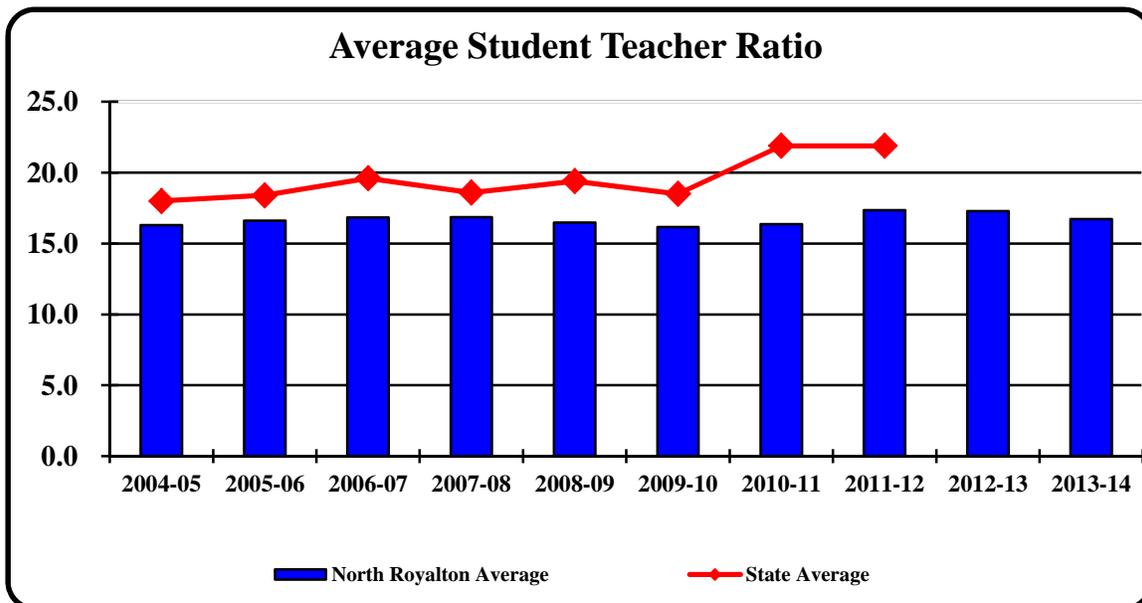
2009	2010	2011	2012	2013	2014
26	20	25	17	18	17
7	8	7	6	5	6
5	6	7	3	4	8
9	7	6	8	4	4
9	3	2	3	4	4
22	25	23	22	22	20
83	84	68	63	56	44
27	37	49	47	50	53
45	42	42	39	38	44
23	23	23	26	27	30
8	8	9	9	11	9
4	7	8	8	6	12
1	2	2	5	8	6
3	3	3	5	4	5
10	10	9	8	10	16
0	0	1	1	1	0
282	285	284	270	268	278

**North Royalton City School District**  
*Average Number of Students per Teacher*  
*Last Ten School Years*

School Year	North Royalton Average	State Average
2004 - 2005	16.3	18.0
2005 - 2006	16.6	18.4
2006 - 2007	16.8	19.6
2007 - 2008	16.8	18.6
2008 - 2009	16.5	19.4
2009 - 2010	16.2	18.5
2010 - 2011	16.4	21.9
2011 - 2012	17.4	21.9
2012 - 2013	17.3	N/A
2013 - 2014	16.7	N/A

Source: Ohio Department of Education, EMIS Reports

N/A: Not Available





# Dave Yost • Auditor of State

**NORTH ROYALTON CITY SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 4, 2014**