

*North Royalton City School District
North Royalton, Ohio*



"We Inspire and Empower Learners"

*Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012*

*North Royalton, Ohio
City School District*

*Comprehensive
Annual Financial Report
For the Fiscal Year Ended June 30, 2012*

Prepared by

*Treasurer's Office
Richard McIntosh
Treasurer*

INTRODUCTORY SECTION

North Royalton City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012
Table of Contents

Page

I. Introductory Section

Table of Contents	i
Letter of Transmittal	iv
List of Principal Officials	ix
Organizational Chart	x
GFOA Certificate of Achievement	xi

II. Financial Section

Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets.....	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund	20
Statement of Fund Net Assets - Internal Service Fund.....	21
Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Fund	22
Statement of Cash Flows - Internal Service Fund	23
Statement of Fiduciary Assets and Liabilities - Agency Funds.....	24
Notes to the Basic Financial Statements	25

Combining and Individual Fund Statements and Schedules:

Combining Statements - Nonmajor Governmental Funds:

Fund Descriptions.....	54
Combining Balance Sheet - Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	57
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	62
Combining Balance Sheet - Nonmajor Capital Projects Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	67

Combining Statements – Fiduciary Funds:

Fund Descriptions.....	68
Combining Statement of Changes in Assets and Liabilities – Agency Funds	69

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

Major Funds:

General Fund	71
Bond Retirement Fund.....	76

Nonmajor Funds:

Food Service Fund.....	77
Scholarship Fund	78
Local Grants Fund	79
Athletics and Music Fund.....	80
Auxiliary Services Fund	81
Educational Management Information Systems Fund.....	82
Entry Year Program Fund.....	83
Network Connectivity Fund	84
Education Jobs Fund.....	85
Title VI-B Fund	86
State Fiscal Stabilization Fund	88
Title II-D Fund.....	89
Immigrant Education Fund.....	90
Title I Fund	91
Drug Free Schools Grant Fund	92
Preschool Grant Fund	93
Class Size Reduction Grant Fund.....	94
Miscellaneous Federal Grants Fund	95
Adult Education Fund.....	96
Public School Support Fund	97

Permanent Improvement Fund	98
Building Fund.....	100
Self Insurance Fund	101

III. Statistical Section

Table of Contents	S1
Net Assets by Component—Last Ten Fiscal Years	S2
Changes in Net Assets of Governmental Activities—Last Ten Fiscal Years	S4
Fund Balances, Governmental Funds—Last Ten Fiscal Years.....	S6
Changes in Fund Balances—Last Ten Fiscal Years	S8
Assessed and Estimated Actual Value of Taxable Property—Last Ten Years	S10
Property Tax Rates—Direct and Overlapping Governments—Last Ten Years	S12
Property Tax Levies and Collections—Last Ten Years.....	S16
Principal Taxpayers:	
Real Estate Tax	S17
Public Utilities Tax	S18
Computation of Direct and Overlapping Governmental Activities Debt.....	S19
Ratio of General Obligation Bonded Debt to Estimated Actual Value, Personal Income and Population—Last Ten Fiscal Years	S20
Computation of Legal Debt Margin — Last Ten Fiscal Years	S22
Demographic and Economic Statistics — Last Ten Years	S24
Principal Employers — December 31, 2011 and December 31, 2005.....	S26
Enrollment Statistics — Last Ten Fiscal Years	S27
Building Statistics by Function/Program — Last Nine Fiscal Years	S28
Per Pupil Cost — Last Ten Fiscal Years.....	S30
School District Employees by Function/Program — Last Ten Fiscal Years	S32
Full-Time Equivalent Teachers by Education — Last Ten Fiscal Years.....	S34
Average Number of Students per Teacher — Last Ten School Years.....	S36

North Royalton City School District



Administrative Office
6579 Royalton Road • North Royalton, Ohio 44133
Phone (440) 237-8800 • Fax (440) 582-7336 • www.northroyaltonsd.org

Edward Vittardi
Superintendent
(440) 582-9030

Richard McIntosh
Treasurer
(440) 582-9045

James Presot
Assistant Superintendent
(440) 582-9034

Gregory Gurka
Director of Personnel
(440) 582-9036

Bruce Bradley
Director of Curriculum
and Instruction
(440) 582-9038

Susan Welch
Director of Pupil Services
(440) 582-9143

December 21, 2012,

Board of Education Members
North Royalton City School District

It is our privilege to present to you the Comprehensive Annual Financial Report (CAFR) of the North Royalton City School District (“School District”) for the fiscal year ended June 30, 2012. 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 2012, the School District was audited by the Auditor of State’s Office. Their unqualified opinion is included in the financial section of this CAFR.

Management’s discussion and analysis (MD&A) immediately follows the Independent Accountants’ 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.

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." In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the North Royalton City School District (the primary government) and its potential component units.

The School District is associated with the 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 median household income is \$61,954.

The North Royalton City School District receives 71 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 27 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 the 2001-2002 school year was 4,357 students. Enrollment for the 2011-2012 school year was 4,687 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 the 2021-2022 school year estimates an enrollment of 4,708 students assuming moderate community growth rates.

Educational Program

During the 2012 school year, 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, Statistics, U.S. Government and Politics and U.S. History. The School District has earned an "excellent" rating on the State of Ohio District Report Card for 12 consecutive years.

The graduating Class of 2012 exceeded the State and national average scores on both the American College Test (ACT) and the Scholastic Aptitude Test (SAT). The composite score of 23.1 on the ACT surpassed the State average of 21.8 and the national average of 21.1. The mean scores for North Royalton students on the SAT of 570 in mathematics and 553 in critical reading surpassed the State mean score of 552 and the national score of 514 in mathematics and the State mean of 543 the national mean of 496 in the critical reading section. This year the high school has four commended scholars and two semi-finalists in the National Merit Scholarship Program.

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

Ninety percent of the high school graduates last year indicated they intended to continue their education at the university or college level with 67 percent attending a four-year college and 23 percent 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 2012 include: 28 percent received an Honors Diploma, 15 percent were members of the National Honor Society, 3 percent graduated Magna Cum Laude and 8 percent graduated Cum Laude.

Major Initiatives:

2012-2013 School Year

- Implementing the Common Core academic standards in english language arts and math, and the new Ohio academic standards in science, social studies, foreign language, 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.
- Proceed with year three of the Ohio Improvement Process, providing teachers collaboration time in a variety of modified schedules, early releases, and teacher meetings before and after school to discuss student achievement and adjust instruction. This process has in place District Leadership Teams, Building Leadership Teams and Teacher Based Teams.
- Continued use of TestingWerks student data warehouse to provide teachers and 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, DRA, and EasyCBM.
- Adopted a comprehensive K-4 Reading Language Arts textbook adoption and professional development in the use of the system.

- Continued expansion of technology in the classrooms including SMART Boards, tablets, I Pads, and others.
- Continued Title I services to students in the Early Learning Center as well as North Royalton Middle School in reading and math. Continued ELL services for second language learners as well as specialized instruction for at risk students.
- Continued use of the co-teaching model for special education students and the effective strategies to increase student 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.

For the Future

- Continue the curriculum review cycle, including a grade 5-8 math textbook adoption, science and social studies internet based instructional materials.
- Continue the development of common assessments in all instructional areas to be used for professional dialog and increasing student achievement.
- Develop Student Learning Objectives for all subjects to meet the requirements of student achievement growth data for the Ohio Teacher Evaluation System.
- Expand our Bring Your Own Device initiative by bringing the middle school and elementary schools to full wireless to mirror connectivity in the high school.
- Address the mandates of the Third Grade Guarantee
- Transition from DIBELS web site and progress monitoring system to the new TestingWerks system and transfer Tier documentation from paper to online application.

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 at least biannually by professional demographers and the results are analyzed and incorporated into the operating and capital budget projections for the next five year period.

Relevant Financial Policies

The Board of Education, in its policy making role, reviews and updates School District policies on a regular basis. The impact of policy changes on School District finances is one part of this review. For example, the Board has adopted a policy requiring intervention services be provided 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, 2011. 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.

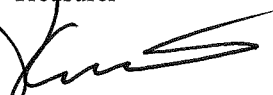
Special appreciation is expressed to the Local Government Services Section of State Auditor Dave Yost's office for assistance in planning, designing and reviewing this financial report.

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

Respectfully submitted,



Richard McIntosh
Treasurer



Edward Vittardi
Superintendent

North Royalton City School District

Principal Officials

June 30, 2012

Board of Education

Dr. John KellyPresident
Ms. Anne Reinkober..... Vice President
Ms. Heidi Dolezal..... Member
Mr. Dan Langshaw Member
Ms. Barbara Zindroski..... Member

Treasurer

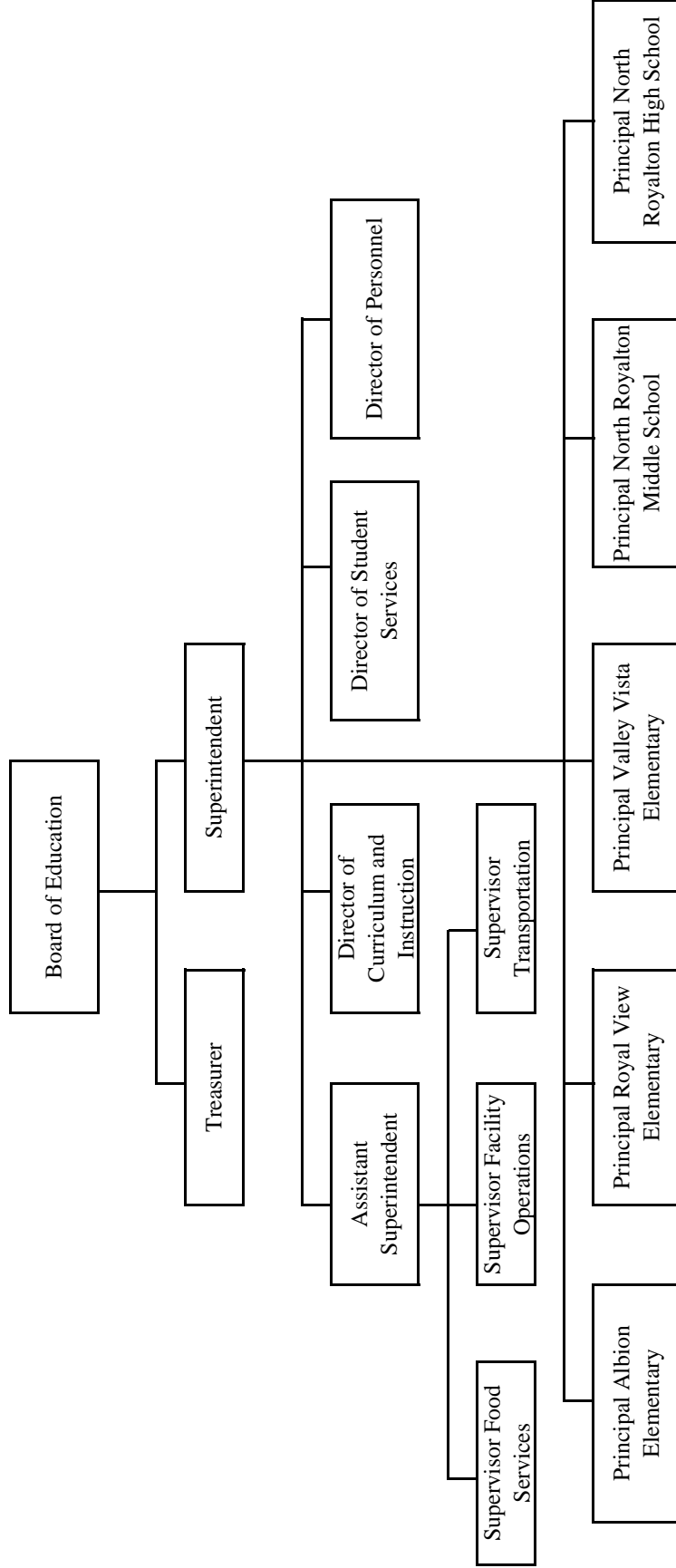
Mr. Richard McIntosh

Administration

Mr. Edward Vittardi Superintendent
Mr. James J. Presot.....Assistant Superintendent
Mr. Greg Gurka Director of Personnel
Mr. Bruce Bradley..... Director of Curriculum and Instruction
Ms. Susan Welch..... Director of Student Services

North Royalton City School District

Organizational Chart



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, 2011

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

(This Page Intentionally Left Blank.)

FINANCIAL SECTION



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise 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 provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical 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.



Dave Yost
Auditor of State

December 21, 2012

North Royalton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

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, 2012. 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 2012 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.
- ❑ The School District values the education of our students and teachers. In fact, continuing education is a priority for our certificated staff, and 78 percent have achieved a Masters' degree or above.
- ❑ 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 2012, 87 percent of 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 Assets and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the North Royalton City School District, the general 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, 2012
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, 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 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general and bond retirement debt service funds.

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

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

North Royalton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2012 compared to 2011:

Table 1
 Net Assets
 Governmental Activities

	2012	2011	Change
Assets			
Current and Other Assets	\$56,364,826	\$57,147,885	(\$783,059)
Capital Assets, Net of Depreciation	25,503,958	25,524,932	(20,974)
<i>Total Assets</i>	<u>81,868,784</u>	<u>82,672,817</u>	<u>(804,033)</u>
Liabilities			
Current and Other Liabilities	38,425,308	39,292,480	867,172
Long-Term Liabilities:			
Due Within One Year	1,630,446	1,332,024	(298,422)
Due in More Than One Year	17,803,260	19,363,306	1,560,046
<i>Total Liabilities</i>	<u>57,859,014</u>	<u>59,987,810</u>	<u>2,128,796</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	9,926,872	9,839,269	87,603
Restricted for:			
Capital Projects	1,082,942	3,266,018	(2,183,076)
Debt Service	3,775,292	3,477,950	297,342
Other Purposes	657,122	674,222	(17,100)
Unrestricted	8,567,542	5,427,548	3,139,994
<i>Total Net Assets</i>	<u>\$24,009,770</u>	<u>\$22,685,007</u>	<u>\$1,324,763</u>

By comparing assets and liabilities, one can see the overall financial position of the School District has improved as evidenced by the increase in net assets. 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 assets for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net assets for fiscal years 2012 and 2011.

North Royalton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

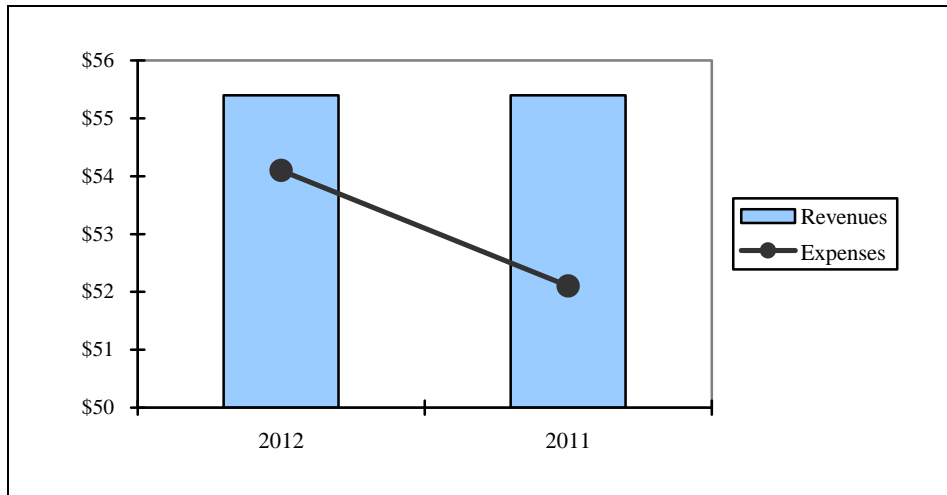
Table 2
 Governmental Activities

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Program Revenues			
Charges for Services and Sales	\$2,065,947	\$2,469,099	(\$403,152)
Operating Grants and Contributions	2,681,759	3,470,946	(789,187)
Capital Grants and Contributions	208,179	634,617	(426,438)
<i>Total Program Revenues</i>	<u>4,955,885</u>	<u>6,574,662</u>	<u>(1,618,777)</u>
General Revenues			
Property Taxes	39,492,940	37,244,650	2,248,290
Grants and Entitlements not Restricted to Specific Programs	10,755,927	11,273,655	(517,728)
Investment Earnings	62,955	66,759	(3,804)
Miscellaneous	177,206	229,778	(52,572)
<i>Total General Revenues</i>	<u>50,489,028</u>	<u>48,814,842</u>	<u>1,674,186</u>
<i>Total Revenues</i>	<u>55,444,913</u>	<u>55,389,504</u>	<u>55,409</u>
Program Expenses			
Instruction:			
Regular	26,138,639	24,299,175	(1,839,464)
Special	3,273,352	3,270,125	(3,227)
Vocational	208,167	208,884	717
Student Intervention Services	1,191,607	1,143,484	(48,123)
Support Services:			
Pupil	2,841,655	2,906,588	64,933
Instructional Staff	2,698,007	2,966,901	268,894
Board of Education	37,533	85,366	47,833
Administration	4,371,516	2,631,576	(1,739,940)
Fiscal	1,323,210	1,084,082	(239,128)
Business	357,023	341,468	(15,555)
Operation and Maintenance of Plant	3,931,841	3,729,890	(201,951)
Pupil Transportation	3,527,949	3,522,509	(5,440)
Central	580,206	531,003	(49,203)
Operation of Non-Instructional Services	818,483	807,799	(10,684)
Operation of Food Services	1,254,636	1,299,213	44,577
Extracurricular Activities	1,063,664	2,118,498	1,054,834
Interest and Fiscal Charges	502,662	1,105,884	603,222
<i>Total Program Expenses</i>	<u>54,120,150</u>	<u>52,052,445</u>	<u>(2,067,705)</u>
<i>Change in Net Assets</i>	1,324,763	3,337,059	(2,012,296)
<i>Net Assets Beginning of Year</i>	<u>22,685,007</u>	<u>19,347,948</u>	<u>3,337,059</u>
<i>Net Assets End of Year</i>	<u>\$24,009,770</u>	<u>\$22,685,007</u>	<u>\$1,324,763</u>

North Royalton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Graph 1
Revenues and Expenses
(In Millions)

	2012	2011
Revenues	\$55.4	\$55.4
Expenses	54.1	52.1



The two largest increases in governmental activities expenses from fiscal year 2011 to fiscal year 2012 are related to regular instruction and administration, due to annual increases in salary. The largest decrease in governmental activities expenses from fiscal year 2011 to fiscal year 2012 is related to extracurricular activities due to the costs related to the remodeling of the football stadium being reduced.

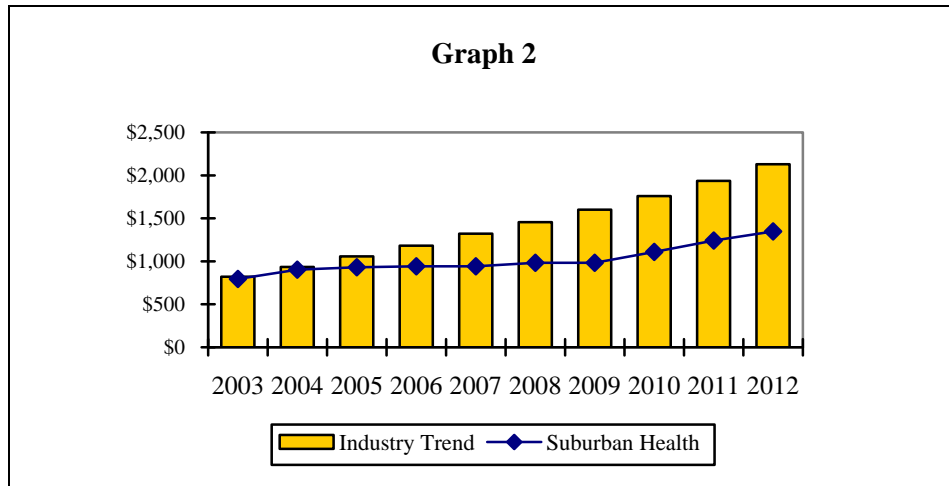
Governmental Activities

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

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. The increase in property tax revenue was due to increases in the real property tax collections and the amount available as an advance. The decrease to grants and entitlements was caused by decreases in homestead and rollback revenue and other reimbursements from the State.

North Royalton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

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 97 percent of instructional 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, 2012
Unaudited

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

	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$26,138,639	(\$24,992,625)	\$24,299,175	(\$22,815,715)
Special	3,273,352	(3,273,352)	3,270,125	(3,212,271)
Vocational	208,167	(208,167)	208,884	(208,884)
Student Intervention Services	1,191,607	(1,162,275)	1,143,484	(1,123,848)
Support Services:				
Pupil	2,841,655	(2,819,058)	2,906,588	(2,646,467)
Instructional Staff	2,698,007	(1,801,935)	2,966,901	(2,087,069)
Board of Education	37,533	(37,533)	85,366	(85,366)
Administration	4,371,516	(4,258,778)	2,631,576	(1,793,336)
Fiscal	1,323,210	(1,314,490)	1,084,082	(824,937)
Business	357,023	(357,023)	341,468	(341,468)
Operation and Maintenance of Plant	3,931,841	(3,744,465)	3,729,890	(3,581,388)
Pupil Transportation	3,527,949	(3,406,169)	3,522,509	(3,472,313)
Central	580,206	(580,206)	531,003	(531,003)
Operation of Non-Instructional Services	818,483	1,334,632	807,799	1,226,047
Operation of Food Services	1,254,636	(1,254,636)	1,299,213	(1,299,213)
Extracurricular Activities	1,063,664	(785,523)	2,118,498	(1,574,668)
Interest and Fiscal Charges	502,662	(502,662)	1,105,884	(1,105,884)
<i>Total</i>	<u>\$54,120,150</u>	<u>(\$49,164,265)</u>	<u>\$52,052,445</u>	<u>(\$45,477,783)</u>

The School District's Funds

Information regarding the School District's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$53,889,100 and expenditures of \$55,589,265. The general fund had an increase in fund balance mainly due to the School District controlling expenses closely. The bond retirement debt service fund continues to make the bonded debt service requirements. Other Governmental Funds had a decrease in fund balance due to a decrease in property taxes, intergovernmental revenues, and contributions and donations. 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 68 percent of total governmental revenue.

General Fund Budgeting Highlights

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

North Royalton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

During the course of fiscal year 2012, 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.

Due to conservative estimates for interest revenue and tuition and fees, the actual budget basis revenue was slightly higher than final budget basis revenues. The School District's final budget basis expenditures were \$103,156 lower than the final estimate. 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 2012 balances compared to 2011:

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

	2012	2011
Land	\$560,140	\$560,140
Construction and Progress	4,587,353	3,184,685
Land Improvements	193,099	243,820
Buildings and Improvements	18,596,951	19,563,661
Furniture and Equipment	432,671	577,893
Vehicles	1,133,744	1,394,733
<i>Total Capital Assets</i>	\$25,503,958	\$25,524,932

During fiscal year 2012 the School District spent less on capital assets than in prior fiscal years due to the remodeling of the football stadium in fiscal year 2011. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements. For fiscal year 2012, this amounted to \$745,773 for the set aside. See Note 10 to the basic financial statements for additional information on the School District's capital assets and Note 20 for additional information regarding required set-asides.

North Royalton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Debt

Table 5 summarizes the bonds outstanding.

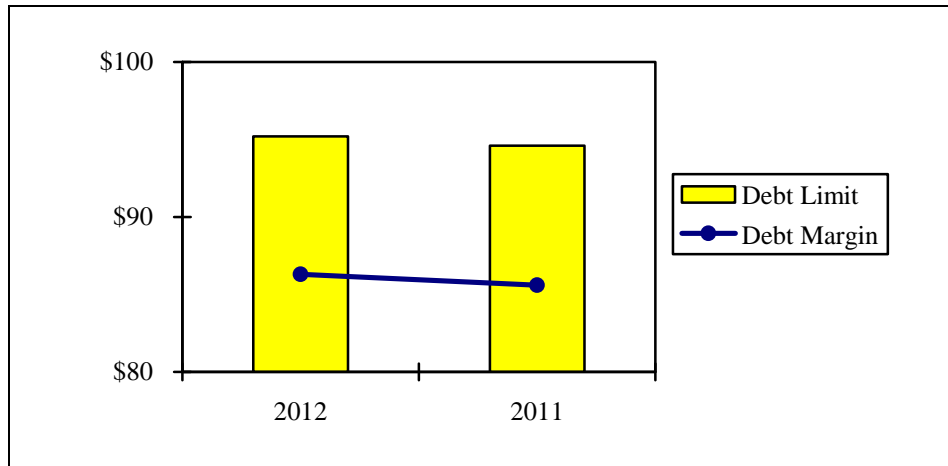
Table 5
 Outstanding Debt at Fiscal Year End
 Governmental Activities

	2012	2011
2011 Certificates of Participation	\$3,026,727	\$3,025,235
2005 School Improvement Bonds	12,768,835	13,971,977
<i>Total</i>	\$15,795,562	\$16,997,212

The School District's overall legal debt margin increased to \$86.3 million. This is the additional amount of debt the School District could issue. The debt margin increased from 2011 due to increasing property valuations. See Note 15 to the basic financial statements for detail on the School District's long-term obligations.

Graph 3
 Legal Debt Margin
 (in millions)

	2012	2011
Overall Debt Limit	\$95.2	\$94.6
Overall Debt Margin	86.3	85.6



North Royalton City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

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. Stagnant or decreased State funding, 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.

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 the 2004-2005 school year. This freed classroom space at the elementary level and enabled redistricting, achieving a better balance of student enrollment at each of the elementary schools.

The School District contracted with an architectural firm 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 is in the process of surveying the community and will use the results to determine the next steps to address the facilities issue.

During the 2009-2010 school year 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 will now be used to guide the School District's decision making process. During the 2010-2011 and 2011-12 school years 87 percent of the action steps included in the plan were initiated and or completed.

The State of Ohio adopted a 2012-2013 biennium budget in June 2011. This budget reduced State funding to the School District by approximately three million dollars over the two year period. The Governor's office was to develop a new distribution model for the second year of the biennium. This did not happen. At this time the School District expects a new model to be introduced with the Governor's next biennium budget proposal which will go to the Legislature sometime in the first quarter of 2013.

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

Contacting the School District's Financial Management

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

Basic Financial Statements

North Royalton City School District

Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$16,417,786
Accounts Receivable	1,256
Intergovernmental Receivable	37,746
Accrued Interest Receivable	2,140
Taxes Receivable	39,506,964
Inventory Held for Resale	23,721
Materials and Supplies Inventory	156,737
Unamortized Bond Issuance Costs	218,476
Nondepreciable Capital Assets	5,147,493
Depreciable Capital Assets, Net	<u>20,356,465</u>
<i>Total Assets</i>	<u>81,868,784</u>
Liabilities	
Accounts Payable	79,081
Accrued Wages and Benefits	4,260,275
Matured Compensated Absences Payable	261,720
Vacation Benefits Payable	133,104
Intergovernmental Payable	842,226
Deferred Revenue	32,774,081
Accrued Interest Payable	56,873
Claims Payable	17,948
Long-Term Liabilities:	
Due Within One Year	1,630,446
Due In More Than One Year	<u>17,803,260</u>
<i>Total Liabilities</i>	<u>57,859,014</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	9,926,872
Restricted for:	
Capital Projects	1,082,942
Debt Service	3,775,292
Other Purposes	657,122
Unrestricted	<u>8,567,542</u>
<i>Total Net Assets</i>	<u><u>\$24,009,770</u></u>

See accompanying notes to the basic financial statements

North Royalton City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2012

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets	
			Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Instruction:					
Regular	\$26,138,639	\$672,384	\$375,869	\$97,761	(\$24,992,625)
Special	3,273,352	0	0	0	(3,273,352)
Vocational	208,167	0	0	0	(208,167)
Student Intervention Services	1,191,607	29,332	0	0	(1,162,275)
Support Services:					
Pupil	2,841,655	0	22,597	0	(2,819,058)
Instructional Staff	2,698,007	0	896,072	0	(1,801,935)
Board of Education	37,533	0	0	0	(37,533)
Administration	4,371,516	9,934	59,025	43,779	(4,258,778)
Fiscal	1,323,210	0	0	8,720	(1,314,490)
Business	357,023	0	0	0	(357,023)
Operation and Maintenance of Plant	3,931,841	84,265	76,039	27,072	(3,744,465)
Pupil Transportation	3,527,949	8,977	81,956	30,847	(3,406,169)
Central	580,206	0	0	0	(580,206)
Operation of Non-Instructional Services	818,483	1,011,191	1,141,924	0	1,334,632
Operation of Food Services	1,254,636	0	0	0	(1,254,636)
Extracurricular Activities	1,063,664	249,864	28,277	0	(785,523)
Interest and Fiscal Charges	502,662	0	0	0	(502,662)
Totals	\$54,120,150	\$2,065,947	\$2,681,759	\$208,179	(49,164,265)
General Revenues					
Property Taxes Levied for:					
					36,765,860
					1,769,762
					957,318
					10,755,927
					62,955
					177,206
					50,489,028
					1,324,763
					22,685,007
					\$24,009,770

See accompanying notes to the basic financial statements

North Royalton City School District

*Balance Sheet
Governmental Funds
June 30, 2012*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$11,214,806	\$3,304,378	\$1,714,388	\$16,233,572
Property Taxes Receivable	36,855,147	1,706,179	945,638	39,506,964
Accounts Receivable	1,256	0	0	1,256
Accrued Interest Receivable	2,140	0	0	2,140
Intergovernmental Receivable	37,746	0	0	37,746
Interfund Receivable	26,200	216,940	0	243,140
Inventory Held for Resale	0	0	23,721	23,721
Materials and Supplies Inventory	75,296	0	81,441	156,737
<i>Total Assets</i>	<u>\$48,212,591</u>	<u>\$5,227,497</u>	<u>\$2,765,188</u>	<u>\$56,205,276</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$31,864	\$0	\$47,217	\$79,081
Accrued Wages and Benefits	4,183,029	0	77,246	4,260,275
Interfund Payable	0	0	243,140	243,140
Intergovernmental Payable	829,109	0	13,117	842,226
Matured Compensated Absences Payable	261,720	0	0	261,720
Deferred Revenue	32,274,579	1,479,753	826,467	34,580,799
Accrued Interest Payable	0	0	2,140	2,140
<i>Total Liabilities</i>	<u>37,580,301</u>	<u>1,479,753</u>	<u>1,209,327</u>	<u>40,269,381</u>
 Fund Balances				
Nonspendable	75,296	0	81,441	156,737
Restricted	0	3,747,744	1,702,776	5,450,520
Committed	0	0	1,200	1,200
Assigned	1,922,864	0	0	1,922,864
Unassigned (Deficit)	8,634,130	0	(229,556)	8,404,574
<i>Total Fund Balances</i>	<u>10,632,290</u>	<u>3,747,744</u>	<u>1,555,861</u>	<u>15,935,895</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$48,212,591</u>	<u>\$5,227,497</u>	<u>\$2,765,188</u>	<u>\$56,205,276</u>

See accompanying notes to the basic financial statements

North Royalton City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2012*

Total Governmental Fund Balances	\$15,935,895
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,503,958
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	1,794,536
Tuition and Fees	<u>12,182</u>
Total	1,806,718
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	166,266
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds, a bond issuance expenditure is reported when bonds are issued.	218,476
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(54,733)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(133,104)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(3,638,144)
General Obligation Bonds	<u>(15,795,562)</u>
Total	<u>(19,433,706)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$24,009,770</u></u>

See accompanying notes to the basic financial statements

North Royalton City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$35,321,511	\$1,698,639	\$919,885	\$37,940,035
Intergovernmental	10,368,984	237,129	2,708,023	13,314,136
Interest	62,352	0	603	62,955
Tuition and Fees	438,848	0	0	438,848
Extracurricular Activities	286,137	0	228,896	515,033
Contributions and Donations	35,565	0	296,164	331,729
Charges for Services	2,729	0	1,013,469	1,016,198
Rentals	42,069	0	50,891	92,960
Miscellaneous	130,820	143	46,243	177,206
<i>Total Revenues</i>	<u>46,689,015</u>	<u>1,935,911</u>	<u>5,264,174</u>	<u>53,889,100</u>
Expenditures				
Current:				
Instruction:				
Regular	23,895,468	0	507,799	24,403,267
Special	3,207,668	0	0	3,207,668
Vocational	197,782	0	0	197,782
Student Intervention Services	1,189,179	0	0	1,189,179
Support Services:				
Pupil	2,783,411	0	49,933	2,833,344
Instructional Staff	1,798,493	0	914,796	2,713,289
Board of Education	37,533	0	0	37,533
Administration	3,524,659	0	131,301	3,655,960
Fiscal	1,188,020	26,435	15,357	1,229,812
Business	354,056	0	0	354,056
Operation and Maintenance of Plant	3,395,237	0	93,740	3,488,977
Pupil Transportation	3,140,758	0	133,168	3,273,926
Central	563,885	0	0	563,885
Operation of Non-Instructional Services	55,874	0	693,896	749,770
Operation of Food Services	0	0	1,251,036	1,251,036
Extracurricular Activities	736,536	0	305,432	1,041,968
Capital Outlay	0	0	3,497,902	3,497,902
Debt Service:				
Principal Retirement	0	1,380,000	0	1,380,000
Interest and Fiscal Charges	0	517,688	2,223	519,911
<i>Total Expenditures</i>	<u>46,068,559</u>	<u>1,924,123</u>	<u>7,596,583</u>	<u>55,589,265</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>620,456</u>	<u>11,788</u>	<u>(2,332,409)</u>	<u>(1,700,165)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	118,000	118,000
Transfers Out	(118,000)	0	0	(118,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(118,000)</u>	<u>0</u>	<u>118,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	502,456	11,788	(2,214,409)	(1,700,165)
<i>Fund Balances Beginning of Year</i>	<u>10,129,834</u>	<u>3,735,956</u>	<u>3,770,270</u>	<u>17,636,060</u>
<i>Fund Balances End of Year</i>	<u>\$10,632,290</u>	<u>\$3,747,744</u>	<u>\$1,555,861</u>	<u>\$15,935,895</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, 2012*

Net Change in Fund Balances - Total Governmental Funds (\$1,700,165)

*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	1,410,946	
Depreciation	(1,431,920)	
Total		(20,974)

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

Property Taxes	1,552,905	
Tuition and Fees	2,908	
Total		1,555,813

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,380,000

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	214,431	
Amortization of Discount on Bonds	(1,492)	
Amortization of Issuance Costs	(18,832)	
Amortization of Premium on Bonds	155,175	
Amortization of Accounting Loss	(140,551)	
Bond Accretion	(191,482)	
Total		17,249

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

Compensated Absences	59,974	
Vacation Benefits Payable	17,753	
Total		77,727

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. 15,113

Change in Net Assets of Governmental Activities \$1,324,763

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$34,899,157	\$35,810,725	\$35,810,725	\$0
Intergovernmental	10,105,040	10,368,984	10,368,984	0
Interest	59,896	50,000	61,460	11,460
Tuition and Fees	471,135	401,975	409,516	7,541
Extracurricular Activities	159,408	163,572	163,572	0
Contributions and Donations	225	231	231	0
Customer Sales and Services	2,660	2,729	2,729	0
Rentals	40,970	42,205	42,040	(165)
Miscellaneous	136,048	98,326	96,338	(1,988)
<i>Total Revenues</i>	<u>45,874,539</u>	<u>46,938,747</u>	<u>46,955,595</u>	<u>16,848</u>
Expenditures				
Current:				
Instruction:				
Regular	24,131,612	24,301,956	24,275,390	26,566
Special	3,239,920	3,265,134	3,259,879	5,255
Vocational	201,310	201,189	201,189	0
Student Intervention Services	1,118,950	1,164,571	1,161,264	3,307
Support Services:				
Pupil	2,949,247	2,900,847	2,898,080	2,767
Instructional Staff	1,880,520	1,881,435	1,880,116	1,319
Board of Education	38,450	40,355	37,979	2,376
Administration	3,770,398	3,505,020	3,496,371	8,649
Fiscal	1,197,090	1,221,132	1,210,468	10,664
Business	348,964	349,794	349,262	532
Operation and Maintenance of Plant	3,726,031	3,624,640	3,589,130	35,510
Pupil Transportation	3,063,439	3,276,321	3,272,275	4,046
Central	560,347	564,500	563,624	876
Operation of Non-Instructional Services	63,000	64,596	64,596	0
Extracurricular Activities	745,400	737,848	736,559	1,289
<i>Total Expenditures</i>	<u>47,034,678</u>	<u>47,099,338</u>	<u>46,996,182</u>	<u>103,156</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,160,139)</u>	<u>(160,591)</u>	<u>(40,587)</u>	<u>120,004</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	250	250	0
Advances In	0	4,032	4,032	0
Advances Out	(15,000)	(26,200)	(26,200)	0
Transfers Out	(118,000)	(118,000)	(118,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(133,000)</u>	<u>(139,918)</u>	<u>(139,918)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,293,139)	(300,509)	(180,505)	120,004
<i>Fund Balance Beginning of Year</i>	10,806,113	10,806,113	10,806,113	0
Prior Year Encumbrances Appropriated	265,828	265,828	265,828	0
<i>Fund Balance End of Year</i>	<u>\$9,778,802</u>	<u>\$10,771,432</u>	<u>\$10,891,436</u>	<u>\$120,004</u>

See accompanying notes to the basic financial statements

North Royalton City School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2012

	<u>Self Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$184,214
Liabilities	
Claims Payable	<u>17,948</u>
Net Assets	
Unrestricted	<u><u>\$166,266</u></u>

See accompanying notes to the basic financial statements

North Royalton City School District
*Statement of Revenues,
 Expenses and Changes in Fund Net Assets
 Internal Service Fund
 For the Fiscal Year Ended June 30, 2012*

	<u>Self Insurance</u>
Operating Revenues	
Charges for Services	\$146,553
Operating Expenses	
Purchased Services	11,799
Claims	119,641
<i>Total Operating Expenses</i>	131,440
<i>Change in Net Assets</i>	15,113
<i>Net Assets Beginning of Year</i>	151,153
<i>Net Assets End of Year</i>	\$166,266

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, 2012

	<u>Self Insurance</u>
 <i>Increase (Decrease) in Cash and Cash Equivalents</i>	
 Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$146,553
Cash Payments for Purchased Services	(24,753)
Cash Payments for Claims	(123,413)
 <i>Net Decrease in Cash and Cash Equivalents</i>	 (1,613)
 <i>Cash and Cash Equivalents Beginning of Year</i>	 185,827
 <i>Cash and Cash Equivalents End of Year</i>	 \$184,214
 Reconciliation of Operating Income to Net Cash Used for Operating Activities	
Operating Income	\$15,113
Adjustments:	
Decrease in Accounts Payable	(12,954)
Decrease in Claims Payable	(3,772)
 <i>Net Cash Used for Operating Activities</i>	 (\$1,613)

See accompanying notes to the basic financial statements

North Royalton City School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$219,552</u></u>
Liabilities	
Due to Students	<u><u>\$219,552</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, 2012*

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 250 classified employees and 316 certified personnel who provide services to 4,687 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. 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 17 and 19 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Basis of Presentation

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

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

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

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

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 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, 2012*

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

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

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

Internal Service Fund The internal service fund accounts 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 assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student activities and the Suburban Health Consortium activity through February 29, 2012, at which point another School District became fiscal agent.

Measurement Focus

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

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

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

North Royalton City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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 2012, investments were limited to commercial paper, federal home loan bank 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, 2012.

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 2012 amounted to \$62,352, which includes \$18,830 assigned from other School District funds.

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

North Royalton City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/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 assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of 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 assets.

Compensated Absences

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

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

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets

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

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

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, 2012*

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. In the general fund, assigned amounts represent intended uses established by the School District Board of Education.

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 Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the school improvement general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method. On the governmental financial statements, issuance costs are reported as an expenditure in the fiscal year in which the bonds are issued. Bond issuance costs are generally paid from bond proceeds.

As permitted by State Statute, the School District paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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 received 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 expensed in the year the bonds are issued.

Deferred Loss on Refunding

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

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.

Extraordinary and Special Items

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

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 – Change in Accounting Principles

For fiscal year 2012, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination.” GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the School District's financial statements.

North Royalton City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 4 - Budgetary Basis of Accounting

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

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

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	\$502,456
Net Adjustment for Revenue Accruals	48,385
Advances In	4,032
Beginning Fair Value Adjustment for Investments	(7,947)
Ending Fair Value Adjustment for Investments	4,929
Excess of revenues and other financing sources and over (under) expenditures and other financing uses:	
Adult Education	9,045
Public School Support	(4,107)
Net Adjustment for Expenditure Accruals	(502,755)
Advances Out	(26,200)
Encumbrances	(208,343)
Budget Basis	<u><u>(\$180,505)</u></u>

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

party. At fiscal year end, \$4,103,744 of the School District’s bank balance of \$7,603,777 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, 2012, the School District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-2
Commercial Paper	\$2,992,850	\$2,992,850	\$0
Federal Home Loan Bank Bonds	3,015,496	3,015,496	0
Federal Farm Credit Bank Bonds	999,200	0	999,200
STAR Ohio	2,445,204	2,445,204	0
Total Investments	\$9,452,750	\$8,453,550	\$999,200

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.

Credit Risk The Federal Home Loan Bank Bonds and the 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, 2012:

Investment	Percentage of Investments
Commercial Paper	31.66 %
Federal Home Loan Bank Bonds	31.90
Federal Farm Credit Bank Bonds	10.57

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Note 6 – Fund Deficits

The title II-D, title I, class size reduction grant and miscellaneous federal grants special revenue funds had deficits of \$2,144, \$36,111, \$22,296, and \$111, respectively. The building capital projects fund had a deficit of \$168,894. 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 7 – 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:

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>				
Inventory	\$75,296	\$0	\$81,441	\$156,737
<i>Restricted for</i>				
Food Service Operations	0	0	294,493	294,493
Community Activities	0	0	81,074	81,074
Athletics	0	0	89,065	89,065
Auxiliary Services	0	0	190,831	190,831
Technology Improvements	0	0	6,413	6,413
Education	0	0	1,211	1,211
Preschool Program	0	0	52	52
Debt Service Payments	0	3,747,744	0	3,747,744
Capital Improvements	0	0	1,039,637	1,039,637
<i>Total Restricted</i>	<u>0</u>	<u>3,747,744</u>	<u>1,702,776</u>	<u>5,450,520</u>
<i>Committed to</i>				
Scholarships	0	0	1,200	1,200
<i>Assigned to</i>				
Other Purposes	1,922,864	0	0	1,922,864
<i>Unassigned (Deficit)</i>	<u>8,634,130</u>	<u>0</u>	<u>(229,556)</u>	<u>8,404,574</u>
<i>Total Fund Balances</i>	<u><u>\$10,632,290</u></u>	<u><u>\$3,747,744</u></u>	<u><u>\$1,555,861</u></u>	<u><u>\$15,935,895</u></u>

Note 8 - 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.

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, 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.

Public utility property tax revenues received in calendar year 2012 represent the collections of calendar year 2011 taxes. Public utility real taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in calendar year 2012 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, 2012, are available to finance fiscal year 2012 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, 2012, 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 revenue.

The amount available as an advance at June 30, 2012 was \$4,592,750 in the general fund, \$226,426 in the bond retirement debt service fund, and \$119,171 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2011 was \$5,081,964 in the general fund, \$252,463 in the bond retirement debt service fund, and \$132,875 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 deferred.

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,034,010,350	98.37 %	\$1,040,225,620	98.31 %
Public Utility Personal	17,182,820	1.63	17,900,300	1.69
Total	<u>\$1,051,193,170</u>	<u>100.00 %</u>	<u>\$1,058,125,920</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$64.80		\$64.70	

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Note 9 - Receivables

Receivables at June 30, 2012, consisted of taxes, tuition, interest, 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.

At June 30, 2012 the School District had intergovernmental receivables of \$37,746 in the general fund for tuition and payments from another School District.

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 06/30/11	Additions	Deductions	Balance 06/30/12
<i>Capital Assets not being Depreciated:</i>				
Land	\$560,140	\$0	\$0	\$560,140
Construction in Progress	3,184,685	1,402,668	0	4,587,353
<i>Total Capital Assets not being Depreciated</i>	3,744,825	1,402,668	0	5,147,493
<i>Capital Assets being Depreciated:</i>				
Land Improvements	1,625,701	0	0	1,625,701
Buildings and Improvements	41,157,969	0	0	41,157,969
Furniture and Equipment	3,359,823	8,278	(10,795)	3,357,306
Vehicles	4,496,825	0	(20,521)	4,476,304
<i>Total Capital Assets being Depreciated</i>	50,640,318	8,278	(31,316)	50,617,280
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,381,881)	(50,721)	0	(1,432,602)
Buildings and Improvements	(21,594,308)	(966,710)	0	(22,561,018)
Furniture and Equipment	(2,781,930)	(153,500)	10,795	(2,924,635)
Vehicles	(3,102,092)	(260,989)	20,521	(3,342,560)
<i>Total Accumulated Depreciation</i>	(28,860,211)	(1,431,920) *	31,316	(30,260,815)
<i>Total Assets being Depreciated, Net</i>	21,780,107	(1,423,642)	0	20,356,465
<i>Governmental Activities Capital Assets, Net</i>	\$25,524,932	(\$20,974)	\$0	\$25,503,958

*Depreciation expense was charged to governmental activities as follows:

North Royalton City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Instruction:	
Regular	\$686,154
Special	83,554
Vocational	7,103
Support Services:	
Pupil	41,932
Instructional Staff	22,395
Administration	110,184
Fiscal	2,886
Business	1,155
Operation and Maintenance of Plant	133,659
Pupil Transportation	240,296
Central	14,023
Operation of Non-Instructional Services	10,638
Operation of Food Service	57,516
Extracurricular Activities	20,425
Total Depreciation Expense	<u><u>\$1,431,920</u></u>

Note 11 - 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 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, 2012, the allocation to pension and death benefits was 12.70 percent. The remaining 1.30 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, 2012, 2011, and 2010 were \$823,119, \$802,254 and \$602,105, respectively. For 2012, 79.58 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

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.

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 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 \$2,992,640 and \$73,512 for the fiscal year ended June 30, 2012, \$3,009,593 and \$68,373 for the fiscal year ended June 30, 2011, and \$2,783,833 and \$63,465 for the fiscal year ended June 30, 2010. For fiscal year 2012, 83.74 percent has been contributed for the DB plan and 83.74 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 2011 and 2010.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2012 were \$37,422 made by the School District and \$26,730 made by the plan members. In addition, member contributions of \$52,509 were made for fiscal year 2012 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, 2012*

Note 12 - 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 administrated 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 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 2012, 0.55 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 2012, this amount was \$35,800. During fiscal year 2012, the School District paid \$104,926 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, 2012, 2011, and 2010 were \$38,473, \$97,140, and \$80,811, respectively. For 2012, 79.58 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010, were \$52,463, \$51,627, and \$50,341 respectively. For 2012, 79.58 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

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 or by calling (888) 227-7877.

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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 2012, 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, 2012, 2011, and 2010 were \$235,858, \$226,248, and \$219,023 respectively. For 2012, 83.74 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2011 and 2010.

Note 13 - 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 14 – 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 2012. The general fund also made a \$73,000 transfer to the building capital project 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, 2012

Interfund Balance

On the fund financial statements interfund balances at June 30, 2012 were:

	Receivables		Payable	
	Manuscript Bonds	Advances To Other Funds	Manuscript Bonds	Advances From Other Funds
Major Funds				
General	\$0	\$26,200	\$0	\$0
Bond Retirement	216,940	0	0	0
Nonmajor Funds				
Title II-D	0	0	0	2,200
Title I	0	0	0	2,000
Class Size Reduction Grant	0	0	0	22,000
Building	0	0	216,940	0
Total	\$216,940	\$26,200	\$216,940	\$26,200

The loans to the special revenue funds were made to provide temporary funding of the programs until grant dollars are received. The interfund transaction between the debt service fund and the building capital projects fund are manuscript notes. 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 6, 2012.

Changes in manuscript notes of the School District during fiscal year 2012 were as follows:

	Outstanding June 30, 2011	Additions	Deletions	Outstanding June 30, 2012
Manuscript Note - Energy Conservation	\$289,940	\$216,940	\$289,940	\$216,940

Note 15 - 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
Capital Appreciation Bonds	3.50% to 3.71%	279,974	2011 to 2012

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Changes in long-term obligations of the School District during fiscal year 2012 were as follows:

	Principal Outstanding 6/30/11	Additions	Deductions	Principal Outstanding 6/30/12	Amounts Due in One Year
General Obligation Bonds					
2011 Certificates of Participation					
Current Interest Serial Bonds	\$525,000	\$0	\$0	\$525,000	\$55,000
Current Interest Term Bonds	2,545,000	0	0	2,545,000	0
Discount on Bonds	(44,765)	0	(1,492)	(43,273)	0
Total 2011 Certificates of Participation	3,025,235	0	(1,492)	3,026,727	55,000
2005 School Improvement Bonds					
Current Interest Serial Bonds	12,675,000	0	0	12,675,000	1,380,000
Capital Appreciation Bonds	114,277	0	114,277	0	0
Accretion on Capital Appreciation Bonds	1,074,241	191,482	1,265,723	0	0
Unamortized Loss	(1,042,419)	0	(140,551)	(901,868)	0
Unamortized Premium	1,150,878	0	155,175	995,703	0
Total 2005 School Improvement Bonds	13,971,977	191,482	1,394,624	12,768,835	1,380,000
Total General Obligation Bonds	16,997,212	191,482	1,393,132	15,795,562	1,435,000
Other Long-Term Obligations					
Compensated Absences	3,698,118	83,532	143,506	3,638,144	195,446
Total Governmental Activities Long-Term Liabilities					
	\$20,695,330	\$275,014	\$1,536,638	\$19,433,706	\$1,630,446

Compensated absences will be paid from the general and food service, auxiliary services, Title VI-B and preschool 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 debt service 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:

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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

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 serial bonds remained outstanding at June 30, 2012. The capital appreciation bonds were originally sold at a discount of \$2,480,026, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2011 through 2012. The accretion recorded for 2012 was \$191,482.

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

The School District's overall debt margin was \$83,234,077 with an unvoted debt margin of \$1,058,126 at June 30, 2012. Principal and interest requirements to retire the general obligation bonds follow:

	Certificates of Participation			
	Serial		Term	
	Principal	Interest	Principal	Interest
2013	\$55,000	\$138,556	\$0	\$0
2014	65,000	137,356	0	0
2015	60,000	136,106	0	0
2016	65,000	134,694	0	0
2017	70,000	132,919	0	0
2018-2022	210,000	386,671	150,000	245,124
2023-2027	0	0	535,000	552,937
2028-2032	0	0	450,000	438,096
2033-2037	0	0	705,000	279,850
2038-2041	0	0	705,000	77,044
Total	\$525,000	\$1,066,302	\$2,545,000	\$1,593,051

	General Obligation Bonds	
	Serial	
	Principal	Interest
2013	\$1,380,000	\$493,538
2014	1,425,000	444,450
2015	1,475,000	393,331
2016	1,530,000	328,900
2017	1,605,000	250,525
2018-2020	5,260,000	321,200
Total	\$12,675,000	\$2,231,944

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, 2012, \$14,425,000 of the defeased bonds are still outstanding.

Note 16 - 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 2012, 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, 2012:

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Company	Coverage	Amount
Travelers Insurance Company	Boiler and Machinery	\$50,000,000
Indiana Insurance Company	Buildings and Contents - replacement costs	116,048,156
	Inland Marine Coverage	3,789,702
	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 2012, 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 was the North Royalton City School District through February 29, 2012. As of March 1, 2012, Orange City School District is the fiscal agent for the Consortium. The Treasurer of the North Royalton City School District pays monthly for the actual amount of claims processed, the stop-loss premium and the administrative charges. The entire risk of loss transfers to the Consortium upon payment of the premiums.

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

	Board Share of Premium			
	Plus Plan		Classic Plan	
	Family	Single	Family	Single
Medical	\$994.66	\$397.86	\$1,413.52	\$565.40
Prescription Drug	247.01	98.80	0.00	0.00
Dental	110.85	47.50	110.85	47.50

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 \$17,948 reported in the internal service fund at June 30, 2012 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

North Royalton City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 2011 and 2012 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2011	\$18,230	\$126,664	123,174	\$21,720
2012	21,720	119,641	123,413	17,948

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 17 - Jointly Governed Organizations

North Coast Council – The District is a member of the North Coast Council (NCC) which was formed when the Lakeshore Northeast Ohio Computer Association and the Lake Erie Educational Computer Association merged during fiscal year 2012. NCC was organized for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among 34 member districts. Each of the governments of these schools supports the NCC based on a per pupil charge. The District contributed \$145,782 to NCC during fiscal year 2012. NCC is governed by a nine member Board of Directors consisting of superintendents from member school districts. Financial information can be obtained by contacting the Treasurer at the Cuyahoga County Board of Education, who serves as fiscal agent, at 5700 West Canal Road, Valley View, Ohio 44125.

Cuyahoga Valley Career Center - The Cuyahoga Valley Career Center is a joint vocational school which is a jointly governed organization among eleven school districts. Each participating school district appoints one board member to the Cuyahoga Valley Career Center's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Cuyahoga Valley Career Center is limited to representation on the board. Continued existence of the Cuyahoga Valley Career Center is not dependent on the School District's continued participation. In fiscal year 2012, the School District did not contribute. 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 161 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 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 2012, the School District

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

paid \$5,368 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Energy USA served as the natural gas supplier and program manager from October 1, 2008 to September 30, 2010. Compass Energy has been selected as the new supplier and program manager for the period from October 1, 2010 through March 31, 2013. There are currently 143 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 18 - Contingencies

Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

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. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, 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.

Note 19 – 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

North Royalton City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

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.

The School District served as fiscal agent and custodian of the Consortium. As of March 1, 2012, the Orange City School District serves as fiscal agent and custodian, but is not financially accountable for the Consortium; therefore the operations of the Consortium have been excluded from the School District's financial statements but the funds held on behalf of the Consortium were included as an agency fund.

Note 20 - 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.

North Royalton City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2011	\$0
Current Year Set-aside Requirement	745,773
Qualifying Disbursements	<u>(4,293,637)</u>
Totals	<u>(\$3,547,864)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2012	<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 21 – Subsequent Event

The School District issued \$143,940 of energy conservation notes at 0.75 percent on July 5, 2012. These notes mature on July 3, 2013 and were issued to refinance previous energy conservation notes. These notes were purchased by the bond retirement debt service fund as an investment.

Note 22 - 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:

General fund	\$208,343
Nonmajor funds	<u>626,961</u>
Total	<u>\$835,304</u>

**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.

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

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

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

Education Jobs Fund – This fund accounts for and reports restricted Federal grant monies to assist schools in providing educational and related services for early childhood, elementary, and secondary 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.

State Fiscal Stabilization Fund – To account for and report restricted Federal grant monies to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services.

Title II-D Fund – To account for and report restricted Federal grant monies used for technology.

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 reports restricted Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

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

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.

Class Size Reduction Grant Fund – To account for and report restricted 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, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$740,726	\$973,662	\$1,714,388
Property Taxes Receivable	0	945,638	945,638
Inventory Held for Resale	23,721	0	23,721
Materials and Supplies Inventory	81,441	0	81,441
<i>Total Assets</i>	<u>\$845,888</u>	<u>\$1,919,300</u>	<u>\$2,765,188</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$44,207	\$3,010	\$47,217
Accrued Wages and Benefits	77,246	0	77,246
Interfund Payable	26,200	216,940	243,140
Intergovernmental Payable	13,117	0	13,117
Deferred Revenue	0	826,467	826,467
Accrued Interest Payable	0	2,140	2,140
<i>Total Liabilities</i>	<u>160,770</u>	<u>1,048,557</u>	<u>1,209,327</u>
Fund Balances			
Nonspendable	81,441	0	81,441
Restricted	663,139	1,039,637	1,702,776
Committed	1,200	0	1,200
Unassigned (Deficit)	(60,662)	(168,894)	(229,556)
<i>Total Fund Balances</i>	<u>685,118</u>	<u>870,743</u>	<u>1,555,861</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$845,888</u>	<u>\$1,919,300</u>	<u>\$2,765,188</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, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$0	\$919,885	\$919,885
Intergovernmental	2,553,860	154,163	2,708,023
Interest	603	0	603
Extracurricular Activities	228,896	0	228,896
Contributions and Donations	92,334	203,830	296,164
Charges for Services	1,013,469	0	1,013,469
Rentals	4,641	46,250	50,891
Miscellaneous	0	46,243	46,243
<i>Total Revenues</i>	<u>3,893,803</u>	<u>1,370,371</u>	<u>5,264,174</u>
Expenditures			
Current:			
Instruction:			
Regular	353,997	153,802	507,799
Support Services:			
Pupil	49,933	0	49,933
Instructional Staff	914,796	0	914,796
Administration	59,220	72,081	131,301
Fiscal	1,000	14,357	15,357
Operation and Maintenance of Plant	49,167	44,573	93,740
Pupil Transportation	82,377	50,791	133,168
Operation of Non-Instructional Services	693,896	0	693,896
Operation of Food Services	1,251,036	0	1,251,036
Extracurricular Activities	305,432	0	305,432
Capital Outlay	2,955	3,494,947	3,497,902
Debt Service:			
Interest and Fiscal Charges	0	2,223	2,223
<i>Total Expenditures</i>	<u>3,763,809</u>	<u>3,832,774</u>	<u>7,596,583</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	129,994	(2,462,403)	(2,332,409)
Other Financing Sources			
Transfers In	45,000	73,000	118,000
<i>Net Change in Fund Balances</i>	174,994	(2,389,403)	(2,214,409)
<i>Fund Balances Beginning of Year</i>	<u>510,124</u>	<u>3,260,146</u>	<u>3,770,270</u>
<i>Fund Balances End of Year</i>	<u>\$685,118</u>	<u>\$870,743</u>	<u>\$1,555,861</u>

North Royalton City School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2012

	<u>Food Service</u>	<u>Scholarship</u>	<u>Local Grants</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$315,608	\$1,200	\$82,510
Inventory Held for Resale	23,721	0	0
Materials and Supplies Inventory	<u>81,441</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$420,770</u></u>	<u><u>\$1,200</u></u>	<u><u>\$82,510</u></u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$1,436
Accrued Wages and Benefits	40,902	0	0
Interfund Payable	0	0	0
Intergovernmental Payable	<u>3,934</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>44,836</u>	<u>0</u>	<u>1,436</u>
 Fund Balances			
Nonspendable	81,441	0	0
Restricted	294,493	0	81,074
Committed	0	1,200	0
Unassigned (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Fund Balances (Deficit)</i>	<u>375,934</u>	<u>1,200</u>	<u>81,074</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$420,770</u></u>	<u><u>\$1,200</u></u>	<u><u>\$82,510</u></u>

<u>Athletics and Music</u>	<u>Auxiliary Services</u>	<u>Entry Year Program</u>	<u>Network Connectivity</u>	<u>Title VI-B</u>
\$98,622	\$227,043	\$1,400	\$5,013	\$4,182
0	0	0	0	0
0	0	0	0	0
<u>\$98,622</u>	<u>\$227,043</u>	<u>\$1,400</u>	<u>\$5,013</u>	<u>\$4,182</u>
\$9,288	\$32,732	\$0	\$0	\$0
0	3,264	0	0	1,361
0	0	0	0	0
269	216	0	0	1,905
<u>9,557</u>	<u>36,212</u>	<u>0</u>	<u>0</u>	<u>3,266</u>
0	0	0	0	0
89,065	190,831	1,400	5,013	916
0	0	0	0	0
0	0	0	0	0
<u>89,065</u>	<u>190,831</u>	<u>1,400</u>	<u>5,013</u>	<u>916</u>
<u>\$98,622</u>	<u>\$227,043</u>	<u>\$1,400</u>	<u>\$5,013</u>	<u>\$4,182</u>

(continued)

North Royalton City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2012

	<u>Title II-D</u>	<u>Immigrant Education</u>	<u>Title I</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$68	\$612	\$2,130
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$68</u></u>	<u><u>\$612</u></u>	<u><u>\$2,130</u></u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$693
Accrued Wages and Benefits	0	0	30,010
Interfund Payable	2,200	0	2,000
Intergovernmental Payable	<u>12</u>	<u>317</u>	<u>5,538</u>
<i>Total Liabilities</i>	<u>2,212</u>	<u>317</u>	<u>38,241</u>
 Fund Balances			
Nonspendable	0	0	0
Restricted	0	295	0
Committed	0	0	0
Unassigned (Deficit)	<u>(2,144)</u>	<u>0</u>	<u>(36,111)</u>
<i>Total Fund Balances (Deficit)</i>	<u>(2,144)</u>	<u>295</u>	<u>(36,111)</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$68</u></u>	<u><u>\$612</u></u>	<u><u>\$2,130</u></u>

Preschool Grant	Class Size Reduction Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$107	\$2,231	\$0	\$740,726
0	0	0	23,721
0	0	0	81,441
<u>\$107</u>	<u>\$2,231</u>	<u>\$0</u>	<u>\$845,888</u>
\$0	\$58	\$0	\$44,207
0	1,709	0	77,246
0	22,000	0	26,200
55	760	111	13,117
<u>55</u>	<u>24,527</u>	<u>111</u>	<u>160,770</u>
0	0	0	81,441
52	0	0	663,139
0	0	0	1,200
0	(22,296)	(111)	(60,662)
<u>52</u>	<u>(22,296)</u>	<u>(111)</u>	<u>685,118</u>
<u>\$107</u>	<u>\$2,231</u>	<u>\$0</u>	<u>\$845,888</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, 2012

	Food Service	Scholarship	Local Grants	Athletics and Music
Revenues				
Intergovernmental	\$436,974	\$0	\$11,500	\$0
Interest	385	0	0	0
Extracurricular Activities	0	0	0	228,896
Contributions and Donations	0	500	63,557	28,277
Charges for Services	1,013,469	0	0	0
Rentals	0	0	0	4,641
<i>Total Revenues</i>	<u>1,450,828</u>	<u>500</u>	<u>75,057</u>	<u>261,814</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	7,261	0
Support Services:				
Pupil	0	0	6,830	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	49,167	0
Pupil Transportation	0	0	0	0
Operation of Non-Instructional Services	0	500	0	0
Operation of Food Services	1,251,036	0	0	0
Extracurricular Activities	0	0	0	305,432
Capital Outlay	0	0	2,955	0
<i>Total Expenditures</i>	<u>1,251,036</u>	<u>500</u>	<u>66,213</u>	<u>305,432</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	199,792	0	8,844	(43,618)
Other Financing Sources				
Transfers In	0	0	0	45,000
<i>Net Change in Fund Balances</i>	199,792	0	8,844	1,382
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>176,142</u>	<u>1,200</u>	<u>72,230</u>	<u>87,683</u>
<i>End of Year</i>	<u>\$375,934</u>	<u>\$1,200</u>	<u>\$81,074</u>	<u>\$89,065</u>

Auxiliary Services	Educational Management Information Systems	Entry Year Program	Network Connectivity	Education Jobs	Title VI-B
\$686,862	\$0	\$1,400	\$10,800	\$0	\$910,893
218	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
687,080	0	1,400	10,800	0	910,893
0	0	0	7,776	0	21,710
0	1,000	0	0	19,741	22,362
0	0	0	0	0	798,939
0	0	0	0	0	59,220
0	1,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
650,481	0	0	0	0	21,559
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
650,481	2,000	0	7,776	19,741	923,790
36,599	(2,000)	1,400	3,024	(19,741)	(12,897)
0	0	0	0	0	0
36,599	(2,000)	1,400	3,024	(19,741)	(12,897)
154,232	2,000	0	1,989	19,741	13,813
\$190,831	\$0	\$1,400	\$5,013	\$0	\$916

(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, 2012

	State Fiscal Stabilization	Title II-D	Immigrant Education	Title I
Revenues				
Intergovernmental	\$0	\$523	\$22,974	\$303,629
Interest	0	0	0	0
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Charges for Services	0	0	0	0
Rentals	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>523</u>	<u>22,974</u>	<u>303,629</u>
Expenditures				
Current:				
Instruction:				
Regular	3,356	610	20,447	292,837
Support Services:				
Pupil	0	0	0	0
Instructional Staff	0	2,187	1,660	3,354
Administration	0	0	0	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Operation of Non-Instructional Services	0	0	0	19,897
Operation of Food Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>3,356</u>	<u>2,797</u>	<u>22,107</u>	<u>316,088</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,356)	(2,274)	867	(12,459)
Other Financing Sources				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	(3,356)	(2,274)	867	(12,459)
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>3,356</u>	<u>130</u>	<u>(572)</u>	<u>(23,652)</u>
<i>End of Year</i>	<u>\$0</u>	<u>(\$2,144)</u>	<u>\$295</u>	<u>(\$36,111)</u>

Preschool Grant	Class Size Reduction Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$19,744	\$67,903	\$80,658	\$2,553,860
0	0	0	603
0	0	0	228,896
0	0	0	92,334
0	0	0	1,013,469
0	0	0	4,641
<u>19,744</u>	<u>67,903</u>	<u>80,658</u>	<u>3,893,803</u>
0	0	0	353,997
0	0	0	49,933
21,755	86,790	111	914,796
0	0	0	59,220
0	0	0	1,000
0	0	0	49,167
0	1,719	80,658	82,377
27	1,432	0	693,896
0	0	0	1,251,036
0	0	0	305,432
0	0	0	2,955
<u>21,782</u>	<u>89,941</u>	<u>80,769</u>	<u>3,763,809</u>
(2,038)	(22,038)	(111)	129,994
<u>0</u>	<u>0</u>	<u>0</u>	<u>45,000</u>
(2,038)	(22,038)	(111)	174,994
<u>2,090</u>	<u>(258)</u>	<u>0</u>	<u>510,124</u>
<u>\$52</u>	<u>(\$22,296)</u>	<u>(\$111)</u>	<u>\$685,118</u>

North Royalton City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2012

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$923,476	\$50,186	\$973,662
Property Taxes Receivable	945,638	0	945,638
<i>Total Assets</i>	<u>\$1,869,114</u>	<u>\$50,186</u>	<u>\$1,919,300</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$3,010	\$0	\$3,010
Interfund Payable	0	216,940	216,940
Deferred Revenue	826,467	0	826,467
Accrued Interest Payable	0	2,140	2,140
<i>Total Liabilities</i>	<u>829,477</u>	<u>219,080</u>	<u>1,048,557</u>
 Fund Balances			
Restricted	1,039,637	0	1,039,637
Unassigned (Deficit)	0	(168,894)	(168,894)
<i>Total Fund Balances</i>	<u>1,039,637</u>	<u>(168,894)</u>	<u>870,743</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,869,114</u>	<u>\$50,186</u>	<u>\$1,919,300</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, 2012

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues			
Property Taxes	\$919,885	\$0	\$919,885
Intergovernmental	149,814	4,349	154,163
Contributions and Donations	203,830	0	203,830
Rentals	46,250	0	46,250
Miscellaneous	46,243	0	46,243
<i>Total Revenues</i>	<u>1,366,022</u>	<u>4,349</u>	<u>1,370,371</u>
Expenditures			
Current:			
Instruction:			
Regular	153,802	0	153,802
Support Services:			
Administration	72,081	0	72,081
Fiscal	14,357	0	14,357
Operation and Maintenance of Plant	44,573	0	44,573
Pupil Transportation	50,791	0	50,791
Capital Outlay	1,679,805	1,815,142	3,494,947
Debt Service:			
Interest and Fiscal Charges	0	2,223	2,223
<i>Total Expenditures</i>	<u>2,015,409</u>	<u>1,817,365</u>	<u>3,832,774</u>
<i>Excess of Revenues Under Expenditures</i>	(649,387)	(1,813,016)	(2,462,403)
Other Financing Sources			
Transfers In	0	73,000	73,000
<i>Net Change in Fund Balances</i>	(649,387)	(1,740,016)	(2,389,403)
<i>Fund Balances Beginning of Year</i>	<u>1,689,024</u>	<u>1,571,122</u>	<u>3,260,146</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$1,039,637</u></u>	<u><u>(\$168,894)</u></u>	<u><u>\$870,743</u></u>

Combining Statements - Fiduciary Funds

Agency Funds

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

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

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

North Royalton City School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2012

	Beginning Balance 6/30/11	Additions	Deductions	Ending Balance 6/30/12
<i>Student Activities</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$272,746	\$495,233	\$548,427	\$219,552
Liabilities				
Due to Students	\$272,746	\$495,233	\$548,427	\$219,552
 <i>Suburban Health Insurance Consortium</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$15,668,474	\$45,221,428	\$60,889,902	\$0
Liabilities				
Undistributed Monies	\$15,668,474	\$45,221,428	\$60,889,902	\$0
 <i>Total Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$15,941,220	\$45,716,661	\$61,438,329	\$219,552
Liabilities				
Due to Students	\$272,746	\$495,233	\$548,427	\$219,552
Undistributed Monies	15,668,474	45,221,428	60,889,902	0
<i>Total Liabilities</i>	\$15,941,220	\$45,716,661	\$61,438,329	\$219,552

**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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$34,899,157	\$35,810,725	\$35,810,725	\$0
Intergovernmental	10,105,040	10,368,984	10,368,984	0
Interest	59,896	50,000	61,460	11,460
Tuition and Fees	471,135	401,975	409,516	7,541
Extracurricular Activities	159,408	163,572	163,572	0
Contributions and Donations	225	231	231	0
Customer Sales and Services	2,660	2,729	2,729	0
Rentals	40,970	42,205	42,040	(165)
Miscellaneous	136,048	98,326	96,338	(1,988)
<i>Total Revenues</i>	45,874,539	46,938,747	46,955,595	16,848
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	15,697,115	15,799,536	15,794,586	4,950
Fringe Benefits	5,561,970	5,701,498	5,699,916	1,582
Purchased Services	2,385,194	2,277,572	2,264,668	12,904
Materials and Supplies	482,656	508,184	501,054	7,130
Capital Outlay	2,150	1,650	1,650	0
Other	2,527	13,516	13,516	0
Total Regular	24,131,612	24,301,956	24,275,390	26,566
Special:				
Salaries and Wages	2,560,900	2,604,026	2,600,719	3,307
Fringe Benefits	637,030	620,358	618,410	1,948
Purchased Services	11,160	10,661	10,661	0
Materials and Supplies	14,830	14,873	14,873	0
Capital Outlay	16,000	15,216	15,216	0
Total Special	3,239,920	3,265,134	3,259,879	5,255
Vocational:				
Salaries and Wages	147,600	147,530	147,530	0
Fringe Benefits	51,710	50,668	50,668	0
Capital Outlay	2,000	2,991	2,991	0
Total Vocational	\$201,310	\$201,189	\$201,189	\$0

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Student Intervention Services:				
Salaries and Wages	\$650,100	\$677,805	\$677,805	\$0
Fringe Benefits	468,850	486,766	483,459	3,307
Total Student Intervention Services	1,118,950	1,164,571	1,161,264	3,307
Total Instruction	28,691,792	28,932,850	28,897,722	35,128
Support Services:				
Pupil:				
Salaries and Wages	1,816,000	1,813,378	1,812,296	1,082
Fringe Benefits	542,320	550,844	550,844	0
Purchased Services	552,363	503,863	502,178	1,685
Materials and Supplies	36,564	32,353	32,353	0
Other	2,000	409	409	0
Total Pupil	2,949,247	2,900,847	2,898,080	2,767
Instructional Staff:				
Salaries and Wages	1,404,500	1,406,294	1,404,975	1,319
Fringe Benefits	422,140	423,660	423,660	0
Purchased Services	47,137	45,924	45,924	0
Materials and Supplies	4,743	5,266	5,266	0
Other	2,000	291	291	0
Total Instructional Staff	1,880,520	1,881,435	1,880,116	1,319
Board of Education:				
Salaries and Wages	17,900	20,210	20,210	0
Fringe Benefits	300	429	429	0
Purchased Services	10,250	10,250	7,874	2,376
Materials and Supplies	0	65	65	0
Other	10,000	9,401	9,401	0
Total Board of Education	\$38,450	\$40,355	\$37,979	\$2,376

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration:				
Salaries and Wages	\$2,360,984	\$2,112,712	\$2,107,744	\$4,968
Fringe Benefits	1,126,598	1,100,229	1,098,854	1,375
Purchased Services	240,806	231,595	229,686	1,909
Materials and Supplies	9,676	25,555	25,555	0
Capital Outlay	1,334	15,507	15,507	0
Other	31,000	19,422	19,025	397
Total Administration	3,770,398	3,505,020	3,496,371	8,649
Fiscal:				
Salaries and Wages	398,000	367,575	362,695	4,880
Fringe Benefits	170,740	180,598	175,295	5,303
Purchased Services	14,350	14,129	14,129	0
Materials and Supplies	6,000	2,000	1,750	250
Other	608,000	656,830	656,599	231
Total Fiscal	1,197,090	1,221,132	1,210,468	10,664
Business:				
Salaries and Wages	221,800	221,728	221,683	45
Fringe Benefits	119,170	120,819	120,792	27
Purchased Services	6,294	6,942	6,482	460
Materials and Supplies	1,000	157	157	0
Other	700	148	148	0
Total Business	348,964	349,794	349,262	532
Operation and Maintenance of Plant:				
Salaries and Wages	1,628,000	1,614,262	1,611,168	3,094
Fringe Benefits	823,370	860,940	859,724	1,216
Purchased Services	1,005,940	849,934	818,734	31,200
Materials and Supplies	265,321	293,782	293,782	0
Capital Outlay	0	763	763	0
Other	3,400	4,959	4,959	0
Total Operation and Maintenance of Plant	\$3,726,031	\$3,624,640	\$3,589,130	\$35,510

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Pupil Transportation:				
Salaries and Wages	\$1,502,800	\$1,518,982	\$1,516,836	\$2,146
Fringe Benefits	647,310	669,002	668,891	111
Purchased Services	407,329	457,242	455,594	1,648
Materials and Supplies	506,000	631,095	630,954	141
Total Pupil Transportation	3,063,439	3,276,321	3,272,275	4,046
Central:				
Salaries and Wages	316,100	317,075	317,043	32
Fringe Benefits	65,630	66,855	66,700	155
Purchased Services	138,074	148,583	147,894	689
Materials and Supplies	40,543	25,054	25,054	0
Capital Outlay	0	6,933	6,933	0
Total Central	560,347	564,500	563,624	876
Total Support Services	17,534,486	17,364,044	17,297,305	66,739
Operation of Non-Instructional Services:				
Fringe Benefits	6,000	6,206	6,206	0
Purchased Services	57,000	58,390	58,390	0
Total Operation of Non-Instructional Services	63,000	64,596	64,596	0
Extracurricular Activities:				
Academic Oriented Activities:				
Salaries and Wages	163,200	187,389	187,389	0
Fringe Benefits	7,100	8,955	8,955	0
Total Academic Oriented Activities	170,300	196,344	196,344	0
Sport Oriented Activities:				
Salaries and Wages	530,900	508,925	507,700	1,225
Fringe Benefits	16,700	16,919	16,855	64
Purchased Services	26,000	15,632	15,632	0
Other	1,500	28	28	0
Total Sport Oriented Activities	575,100	541,504	540,215	1,289
Total Extracurricular Activities	745,400	737,848	736,559	1,289
Total Expenditures	47,034,678	47,099,338	46,996,182	103,156
<i>Excess of Revenues Under Expenditures</i>	<i>(\$1,160,139)</i>	<i>(\$160,591)</i>	<i>(\$40,587)</i>	<i>\$120,004</i>

(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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Sale of Capital Assets	\$0	\$250	\$250	\$0
Advances In	0	4,032	4,032	\$0
Advances Out	(15,000)	(26,200)	(26,200)	0
Transfers Out	(118,000)	(118,000)	(118,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(133,000)</u>	<u>(139,918)</u>	<u>(139,918)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,293,139)	(300,509)	(180,505)	120,004
<i>Fund Balance Beginning of Year</i>	10,806,113	10,806,113	10,806,113	0
Prior Year Encumbrances Appropriated	<u>265,828</u>	<u>265,828</u>	<u>265,828</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$9,778,802</u></u>	<u><u>\$10,771,432</u></u>	<u><u>\$10,891,436</u></u>	<u><u>\$120,004</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$1,724,676	\$1,724,676	\$0
Intergovernmental	241,478	241,478	0
Miscellaneous	144	143	(1)
<i>Total Revenues</i>	<u>1,966,298</u>	<u>1,966,297</u>	<u>(1)</u>
Expenditures			
Current:			
Support Services:			
Fiscal:			
Other	30,000	26,435	3,565
Debt Service:			
Principal Retirement	1,780,000	1,669,940	110,060
Interest and Fiscal Charges	530,000	522,037	7,963
<i>Total Debt Service</i>	<u>2,310,000</u>	<u>2,191,977</u>	<u>118,023</u>
<i>Total Expenditures</i>	<u>2,340,000</u>	<u>2,218,412</u>	<u>121,588</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(373,702)</u>	<u>(252,115)</u>	<u>121,587</u>
Other Financing Sources			
General Obligation Notes Issued	216,940	216,940	0
Transfers In	73,000	73,000	0
<i>Total Other Financing Sources</i>	<u>289,940</u>	<u>289,940</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(83,762)	37,825	121,587
<i>Fund Balance Beginning of Year</i>	<u>3,483,493</u>	<u>3,483,493</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,399,731</u></u>	<u><u>\$3,521,318</u></u>	<u><u>\$121,587</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$354,361	\$355,533	\$1,172
Interest	350	385	35
Charges for Services	982,826	1,013,469	30,643
<i>Total Revenues</i>	<u>1,337,537</u>	<u>1,369,387</u>	<u>31,850</u>
Expenditures			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	2,812	2,812	0
Operation of Food Services:			
Salaries and Wages	517,297	467,428	49,869
Fringe Benefits	253,724	229,301	24,423
Purchased Services	8,628	8,628	0
Materials and Supplies	605,615	525,778	79,837
Capital Outlay	13,154	3,999	9,155
Total Operation of Food Services	<u>1,398,418</u>	<u>1,235,134</u>	<u>163,284</u>
<i>Total Expenditures</i>	<u>1,401,230</u>	<u>1,237,946</u>	<u>163,284</u>
<i>Net Change in Fund Balance</i>	(63,693)	131,441	195,134
<i>Fund Balance Beginning of Year</i>	182,262	182,262	0
Prior Year Encumbrances Appropriated	1,230	1,230	0
<i>Fund Balance End of Year</i>	<u>\$119,799</u>	<u>\$314,933</u>	<u>\$195,134</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Contributions and Donations	\$500	\$500	\$0
Expenditures			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,500	500	1,000
<i>Net Change in Fund Balance</i>	(1,000)	0	1,000
<i>Fund Balance Beginning of Year</i>	1,200	1,200	0
<i>Fund Balance End of Year</i>	\$200	\$1,200	\$1,000

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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$11,500	\$11,500	\$0
Contributions and Donations	61,101	63,557	2,456
<i>Total Revenues</i>	<u>72,601</u>	<u>75,057</u>	<u>2,456</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	6,000	4,100	1,900
Materials and Supplies	1,500	1,197	303
Capital Outlay	2,000	1,725	275
Total Instruction	<u>9,500</u>	<u>7,022</u>	<u>2,478</u>
Support Services:			
Pupil:			
Purchased Services	9,400	5,216	4,184
Materials and Supplies	2,500	1,614	886
Total Pupil	<u>11,900</u>	<u>6,830</u>	<u>5,070</u>
Operation and Maintenance of Plant:			
Purchased Services	1,820	0	1,820
Materials and Supplies	30,425	27,958	2,467
Capital Outlay	24,050	23,759	291
Total Operation and Maintenance of Plant	<u>56,295</u>	<u>51,717</u>	<u>4,578</u>
Total Support Services	<u>68,195</u>	<u>58,547</u>	<u>9,648</u>
Capital Outlay:			
Site Improvement Services:			
Capital Outlay - New	2,955	2,955	0
<i>Total Expenditures</i>	<u>80,650</u>	<u>68,524</u>	<u>12,126</u>
<i>Net Change in Fund Balance</i>	(8,049)	6,533	14,582
<i>Fund Balance Beginning of Year</i>	66,980	66,980	0
Prior Year Encumbrances Appropriated	<u>5,250</u>	<u>5,250</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$64,181</u>	<u>\$78,763</u>	<u>\$14,582</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$225,462	\$228,896	\$3,434
Contributions and Donations	28,279	28,277	(2)
Rentals	4,641	4,641	0
<i>Total Revenues</i>	<u>258,382</u>	<u>261,814</u>	<u>3,432</u>
Expenditures			
Current:			
Extracurricular Activities:			
Occupation Oriented Activities			
Materials and Supplies	1,557	1,557	0
Other	3,029	3,029	0
Total Occupation Oriented Activities	<u>4,586</u>	<u>4,586</u>	<u>0</u>
Sport Oriented Activities:			
Purchased Services	50	50	0
Capital Outlay	10,113	10,113	0
Other	347,840	302,894	44,946
Total Sport Oriented Activities	<u>358,003</u>	<u>313,057</u>	<u>44,946</u>
School and Public Service			
Co-curricular Activities:			
Other	80	80	0
<i>Total Expenditures</i>	<u>362,669</u>	<u>317,723</u>	<u>44,946</u>
<i>Excess of Revenues Under Expenditures</i>	(104,287)	(55,909)	48,378
Other Financing Sources			
Transfers In	45,000	45,000	0
<i>Net Change in Fund Balance</i>	(59,287)	(10,909)	48,378
<i>Fund Balance Beginning of Year</i>	78,752	78,752	0
Prior Year Encumbrances Appropriated	12,669	12,669	0
<i>Fund Balance End of Year</i>	<u>\$32,134</u>	<u>\$80,512</u>	<u>\$48,378</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$686,863	\$686,862	(\$1)
Interest	196	218	22
<i>Total Revenues</i>	<u>687,059</u>	<u>687,080</u>	<u>21</u>
Expenditures			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	49,083	49,083	0
Fringe Benefits	19,550	19,550	0
Purchased Services	375,851	315,772	60,079
Materials and Supplies	248,449	199,886	48,563
Capital Outlay	174,411	144,411	30,000
<i>Total Expenditures</i>	<u>867,344</u>	<u>728,702</u>	<u>138,642</u>
<i>Net Change in Fund Balance</i>	(180,285)	(41,622)	138,663
<i>Fund Balance Beginning of Year</i>	324	324	0
Prior Year Encumbrances Appropriated	182,344	182,344	0
<i>Fund Balance End of Year</i>	<u>\$2,383</u>	<u>\$141,046</u>	<u>\$138,663</u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Educational Management Information Systems Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Support Services:			
Pupil:			
Purchased Services	1,000	1,000	0
Fiscal:			
Purchased Services	1,000	1,000	0
<i>Total Expenditures</i>	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(2,000)	(2,000)	0
<i>Fund Balance Beginning of Year</i>	2,000	2,000	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Entry Year Program Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,400	\$1,400	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,400	1,400	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,400</u></u>	<u><u>\$1,400</u></u>	<u><u>\$0</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Network Connectivity Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$10,800	\$10,800	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	15,567	15,191	376
Materials and Supplies	2,647	2,647	0
Capital Outlay	6,040	6,040	0
<i>Total Expenditures</i>	24,254	23,878	376
<i>Net Change in Fund Balance</i>	(13,454)	(13,078)	376
<i>Fund Balance Beginning of Year</i>	1,989	1,989	0
Prior Year Encumbrances Appropriated	11,465	11,465	0
<i>Fund Balance End of Year</i>	\$0	\$376	\$376

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Education Jobs Fund
For the Fiscal Year Ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Support Services:			
Pupil:			
Salaries and Wages	<u>21,009</u>	<u>21,009</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(21,009)	(21,009)	0
<i>Fund Balance Beginning of Year</i>	<u>21,009</u>	<u>21,009</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI-B Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$910,894	\$910,893	(\$1)
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	8,494	8,494	0
Fringe Benefits	1,309	1,309	0
Capital Outlay	22,108	22,108	0
Total Instruction	31,911	31,911	0
Support Services:			
Pupil:			
Purchased Services	26,632	26,632	0
Capital Outlay	170	170	0
Total Pupil	26,802	26,802	0
Instructional Staff:			
Salaries and Wages	547,459	544,459	3,000
Fringe Benefits	247,461	246,279	1,182
Purchased Services	8,300	8,300	0
Materials and Supplies	46	46	0
Total Instructional Staff	803,266	799,084	4,182
Administration:			
Salaries and Wages	30,920	30,920	0
Fringe Benefits	26,860	26,860	0
Capital Outlay	1,412	1,412	0
Total Administration	59,192	59,192	0
Total Support Services	\$889,260	\$885,078	\$4,182

(continued)

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI-B Fund (continued)
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	\$7,278	\$7,278	\$0
Fringe Benefits	1,125	1,125	0
Purchased Services	10,015	10,015	0
Materials and Supplies	3,113	3,113	0
Total Operation of Non-Instructional Services	21,531	21,531	0
<i>Total Expenditures</i>	942,702	938,520	4,182
<i>Excess of Revenues Under Expenditures</i>	(31,808)	(27,627)	4,181
Other Financing Uses			
Advances Out	(4,032)	(4,032)	0
<i>Net Change in Fund Balance</i>	(35,840)	(31,659)	4,181
<i>Fund Balance Beginning of Year</i>	2	2	0
Prior Year Encumbrances Appropriated	35,839	35,839	0
<i>Fund Balance End of Year</i>	\$1	\$4,182	\$4,181

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Fiscal Stabilization Fund
For the Fiscal Year Ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	<u>3,737</u>	<u>3,737</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,737)	(3,737)	0
<i>Fund Balance Beginning of Year</i>	<u>3,737</u>	<u>3,737</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title II-D Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$523	\$523	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	625	610	15
Support Services:			
Instructional Staff:			
Salaries and Wages	2,175	2,175	0
<i>Total Expenditures</i>	2,800	2,785	15
<i>Excess of Revenues Under Expenditures</i>	(2,277)	(2,262)	15
Other Financing Sources			
Advances In	2,200	2,200	0
<i>Net Change in Fund Balance</i>	(77)	(62)	15
<i>Fund Balance Beginning of Year</i>	130	130	0
<i>Fund Balance End of Year</i>	\$53	\$68	\$15

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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$22,975	\$22,974	(\$1)
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	13,349	13,238	111
Fringe Benefits	2,041	2,041	0
Purchased Services	50	50	0
Materials and Supplies	2,709	2,709	0
Capital Outlay	3,504	3,504	0
Total Instruction	21,653	21,542	111
Support Services:			
Instructional Staff:			
Purchased Services	1,660	1,660	0
<i>Total Expenditures</i>	23,313	23,202	111
<i>Net Change in Fund Balance</i>	(338)	(228)	110
<i>Fund Balance Beginning of Year</i>	527	527	0
Prior Year Encumbrances Appropriated	313	313	0
<i>Fund Balance End of Year</i>	\$502	\$612	\$110

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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$303,629	\$303,629	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	211,638	211,166	472
Fringe Benefits	72,378	72,378	0
Purchased Services	2,000	2,000	0
Materials and Supplies	3,649	3,649	0
Total Instruction	289,665	289,193	472
Support Services:			
Instructional Staff:			
Salaries and Wages	2,025	2,025	0
Fringe Benefits	299	299	0
Purchased Services	1,814	1,814	0
Total Support Services	4,138	4,138	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	18,871	18,871	0
Materials and Supplies	1,026	1,026	0
Total Operation of Non-Instructional Services	19,897	19,897	0
<i>Total Expenditures</i>	313,700	313,228	472
<i>Excess of Revenues Under Expenditures</i>	(10,071)	(9,599)	472
Other Financing Sources			
Advances In	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(8,071)	(7,599)	472
<i>Fund Balance Beginning of Year</i>	991	991	0
Prior Year Encumbrances Appropriated	7,701	7,701	0
<i>Fund Balance End of Year</i>	\$621	\$1,093	\$472

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Free Schools Grant Fund
For the Fiscal Year Ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	<u>8</u>	<u>8</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(8)	(8)	0
<i>Fund Balance Beginning of Year</i>	<u>8</u>	<u>8</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Preschool Grant Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$19,744	\$19,744	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Materials and Supplies	58	58	0
Support Services:			
Pupil:			
Materials and Supplies	218	218	0
Instructional Staff:			
Salaries and Wages	18,246	18,139	107
Fringe Benefits	2,503	2,503	0
Purchased Services	1,242	1,242	0
Total Instructional Staff	21,991	21,884	107
Total Support Services	22,209	22,102	107
Operation of Non-Instructional Services:			
Community Services:			
Materials and Supplies	27	27	0
<i>Total Expenditures</i>	22,294	22,187	107
<i>Net Change in Fund Balance</i>	(2,550)	(2,443)	107
<i>Fund Balance Beginning of Year</i>	249	249	0
Prior Year Encumbrances Appropriated	2,301	2,301	0
<i>Fund Balance End of Year</i>	\$0	\$107	\$107

North Royalton City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Class Size Reduction Grant Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$67,904	\$67,903	(\$1)
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	39,898	38,706	1,192
Fringe Benefits	5,924	5,924	0
Purchased Services	47,474	47,474	0
Materials and Supplies	3,862	3,862	0
Total Support Services	97,158	95,966	1,192
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,490	1,490	0
<i>Total Expenditures</i>	98,648	97,456	1,192
<i>Excess of Revenues Under Expenditures</i>	(30,744)	(29,553)	1,191
Other Financing Sources			
Advances In	22,000	22,000	0
<i>Net Change in Fund Balance</i>	(8,744)	(7,553)	1,191
<i>Fund Balance Beginning of Year</i>	5,849	5,849	0
Prior Year Encumbrances Appropriated	3,148	3,148	0
<i>Fund Balance End of Year</i>	\$253	\$1,444	\$1,191

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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$80,658	\$80,658	\$0
Expenditures			
Current:			
Support Services:			
Pupil Transportation:			
Purchased Services	80,658	80,658	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
Adult Education Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Tuition and Fees	\$28,972	\$29,332	\$360
Miscellaneous	7,741	7,742	1
<i>Total Revenues</i>	<u>36,713</u>	<u>37,074</u>	<u>361</u>
Expenditures			
Current:			
Instruction:			
Student Intervention Services:			
Salaries and Wages	34,026	21,027	12,999
Fringe Benefits	2,902	402	2,500
Materials and Supplies	8,589	6,600	1,989
<i>Total Expenditures</i>	<u>45,517</u>	<u>28,029</u>	<u>17,488</u>
<i>Net Change in Fund Balance</i>	(8,804)	9,045	17,849
<i>Fund Balance Beginning of Year</i>	15,597	15,597	0
Prior Year Encumbrances Appropriated	<u>517</u>	<u>517</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,310</u></u>	<u><u>\$25,159</u></u>	<u><u>\$17,849</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$122,565	\$122,565	\$0
Contributions and Donations	35,334	35,334	0
Miscellaneous	23,084	26,490	3,406
<i>Total Revenues</i>	<u>180,983</u>	<u>184,389</u>	<u>3,406</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Materials and Supplies	13,452	10,709	2,743
Capital Outlay - New	233,648	177,465	56,183
Other	322	322	0
<i>Total Expenditures</i>	<u>247,422</u>	<u>188,496</u>	<u>58,926</u>
<i>Net Change in Fund Balance</i>	(66,439)	(4,107)	62,332
<i>Fund Balance Beginning of Year</i>	91,482	91,482	0
Prior Year Encumbrances Appropriated	7,422	7,422	0
<i>Fund Balance End of Year</i>	<u>\$32,465</u>	<u>\$94,797</u>	<u>\$62,332</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$933,589	\$933,589	\$0
Intergovernmental	149,814	149,814	0
Contributions and Donations	203,830	203,830	0
Rentals	46,250	46,250	0
Miscellaneous	46,243	46,243	0
<i>Total Revenues</i>	<u>1,379,726</u>	<u>1,379,726</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Capital Outlay	153,802	153,802	0
Support Services:			
Administration:			
Purchased Services	100,781	100,781	0
Capital Outlay	1,367	1,367	0
Total Administration	<u>102,148</u>	<u>102,148</u>	<u>0</u>
Fiscal:			
Other	14,357	14,357	0
Operation and Maintenance of Plant:			
Purchased Services	26,951	26,951	0
Capital Outlay	17,622	17,622	0
Total Operation and Maintenance of Plant	<u>44,573</u>	<u>44,573</u>	<u>0</u>
Pupil Transportation:			
Capital Outlay	57,422	51,061	6,361
Total Support Services	<u>\$218,500</u>	<u>\$212,139</u>	<u>\$6,361</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital Outlay:			
Acquisition Services:			
Purchased Services	\$162,727	\$162,727	\$0
Capital Outlay	503,820	503,820	0
Total Acquisition Services	666,547	666,547	0
Improvement Services:			
Purchased Services	405,437	405,436	1
Capital Outlay	1,174,674	1,174,674	0
Total Improvement Services	1,580,111	1,580,110	1
Total Capital Outlay	2,246,658	2,246,657	1
<i>Total Expenditures</i>	2,618,960	2,612,598	6,362
<i>Net Change in Fund Balance</i>	(1,239,234)	(1,232,872)	6,362
<i>Fund Balance Beginning of Year</i>	285,603	285,603	0
Prior Year Encumbrances Appropriated	1,408,960	1,408,960	0
<i>Fund Balance End of Year</i>	\$455,329	\$461,691	\$6,362

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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Capital Outlay:			
Building Acquisition and Construction Services:			
Capital Outlay - New	2,139,983	2,139,983	0
<i>Net Change in Fund Balance</i>	(2,139,983)	(2,139,983)	0
<i>Fund Balance Beginning of Year</i>	2,843	2,843	0
Prior Year Encumbrances Appropriated	2,137,140	2,137,140	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

North Royalton City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$136,000	\$146,553	\$10,553
Expenses			
Purchased Services	5,585	24,753	(19,168)
Claims	169,415	123,413	46,002
<i>Total Expenses</i>	175,000	148,166	26,834
<i>Net Change in Fund Equity</i>	(39,000)	(1,613)	37,387
<i>Fund Equity Beginning of Year</i>	185,827	185,827	0
<i>Fund Equity End of Year</i>	\$146,827	\$184,214	\$37,387

(This Page Intentionally Left Blank.)

**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.

Table of Contents

Pages(s)

Financial Trends S2 – S9

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue Capacity S10 – S18

These schedules contain information to help the reader assess the School District's most significant local revenue, the property tax.

Debt Capacity S19 – S23

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.

Economic and Demographic Information S24 – S26

These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.

Operating Information S27 – S36

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 Assets by Component

Last Ten Fiscal Years

(accrual basis of accounting)

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$10,404,332	\$11,206,829	\$11,158,736	\$11,374,852	\$9,839,269	\$9,926,872
243,059	0	1,092,228	1,161,025	3,266,018	1,082,942
3,472,628	3,728,413	3,453,480	3,458,042	3,477,950	3,775,292
426,672	303,158	389,361	525,067	674,222	657,122
<u>1,747,843</u>	<u>2,194,118</u>	<u>844,751</u>	<u>2,828,962</u>	<u>5,427,548</u>	<u>8,567,542</u>
<u>\$16,294,534</u>	<u>\$17,432,518</u>	<u>\$16,938,556</u>	<u>\$19,347,948</u>	<u>\$22,685,007</u>	<u>\$24,009,770</u>

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

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

2007	2008	2009	2010	2011	2012
\$20,004,883	\$21,558,320	\$22,398,158	\$21,810,291	\$24,299,175	\$26,138,639
4,603,113	4,835,486	4,129,027	4,401,022	3,270,125	3,273,352
193,147	194,028	193,977	210,031	208,884	208,167
0	0	1,672,402	1,914,412	1,143,484	1,191,607
2,418,861	2,490,528	2,611,154	2,598,723	2,906,588	2,841,655
3,132,012	2,974,945	2,295,479	1,944,788	2,966,901	2,698,007
35,706	38,657	27,253	37,330	85,366	37,533
3,249,707	3,574,520	3,431,405	3,466,191	2,631,576	4,371,516
970,782	1,048,878	1,093,106	1,137,626	1,084,082	1,323,210
299,718	325,633	339,281	314,186	341,468	357,023
3,949,268	4,002,858	4,067,791	3,323,518	3,729,890	3,931,841
3,490,934	3,540,389	3,093,446	3,303,329	3,522,509	3,527,949
469,215	578,689	613,370	503,859	531,003	580,206
777,482	856,858	742,839	832,087	807,799	818,483
1,373,576	1,492,421	1,442,093	1,336,266	1,299,213	1,254,636
971,326	975,997	976,880	1,009,845	2,118,498	1,063,664
1,249,576	1,131,121	1,122,733	1,266,086	1,105,884	502,662
47,189,306	49,619,328	50,250,394	49,409,590	52,052,445	54,120,150
251,613	418,480	308,774	424,291	456,677	672,384
0	0	0	0	0	0
0	0	16,058	18,775	19,636	29,332
0	0	0	0	0	0
45	0	0	0	357,218	9,934
48	0	0	0	0	0
0	0	0	0	0	0
66,496	68,309	57,433	175,476	84,682	84,265
1,068	0	0	33,500	1,248	8,977
1,162,798	1,170,607	1,166,919	968,240	1,024,855	1,011,191
216,673	245,313	402,090	406,526	524,783	249,864
2,155,796	2,160,289	2,791,285	3,631,781	3,470,946	2,681,759
46,019	75,317	25,460	170,412	634,617	208,179
3,900,556	4,138,315	4,768,019	5,829,001	6,574,662	4,955,885
(43,288,750)	(45,481,013)	(45,482,375)	(43,580,589)	(45,477,783)	(49,164,265)
29,852,874	31,273,337	30,527,173	32,022,770	34,607,536	36,765,860
2,621,799	2,558,605	2,034,569	1,688,528	1,727,765	1,769,762
938,459	998,619	984,472	888,699	909,349	957,318
9,734,777	10,435,570	10,759,786	10,896,050	11,273,655	10,755,927
855,268	814,931	481,638	160,026	66,759	62,955
3,000	358,462	5,534	9,850	0	0
103,302	179,473	195,241	324,058	229,778	177,206
44,109,479	46,618,997	44,988,413	45,989,981	48,814,842	50,489,028
\$820,729	\$1,137,984	(\$493,962)	\$2,409,392	\$3,337,059	\$1,324,763

North Royalton City School District

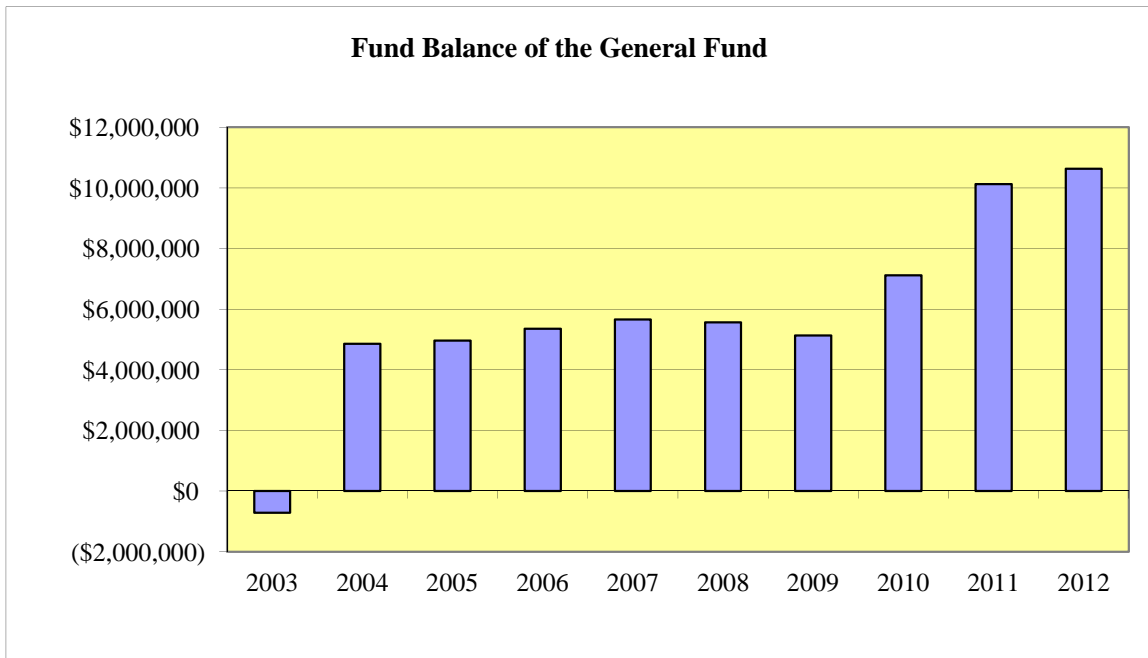
Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2003	2004	2005	2006
General Fund				
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	2,858,989	5,267,827	4,076,588	3,307,757
Unreserved	<u>(3,572,721)</u>	<u>(407,775)</u>	<u>884,649</u>	<u>2,045,734</u>
Total General Fund	<u>(713,732)</u>	<u>4,860,052</u>	<u>4,961,237</u>	<u>5,353,491</u>
All Other Governmental Funds				
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	685,236	953,271	1,155,733	793,273
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	349,737	354,312	155,988	322,889
Debt Service Funds	2,163,827	2,307,768	2,776,408	3,017,612
Capital Projects Funds (Deficit)	<u>59,945</u>	<u>(161,003)</u>	<u>(521,989)</u>	<u>(225,506)</u>
Total All Other Governmental Funds	<u>3,258,745</u>	<u>3,454,348</u>	<u>3,566,140</u>	<u>3,908,268</u>
Total Governmental Funds	<u><u>\$2,545,013</u></u>	<u><u>\$8,314,400</u></u>	<u><u>\$8,527,377</u></u>	<u><u>\$9,261,759</u></u>

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



2007	2008	2009	2010	2011	2012
n/a	n/a	n/a	\$83,939	\$78,249	\$75,296
n/a	n/a	n/a	0	0	0
n/a	n/a	n/a	120,158	256,044	1,922,864
n/a	n/a	n/a	6,916,785	9,795,541	8,634,130
4,236,611	4,502,522	5,882,948	n/a	n/a	n/a
1,426,330	1,061,446	(748,015)	n/a	n/a	n/a
5,662,941	5,563,968	5,134,933	7,120,882	10,129,834	10,632,290
n/a	n/a	n/a	0	0	81,441
n/a	n/a	n/a	5,253,779	7,526,152	5,450,520
n/a	n/a	n/a	1,200	1,200	1,200
n/a	n/a	n/a	(510,115)	(21,126)	(229,556)
955,911	703,953	855,885	n/a	n/a	n/a
380,916	369,398	366,085	n/a	n/a	n/a
3,241,776	3,441,305	3,225,464	n/a	n/a	n/a
(336,647)	(459,998)	(15,108)	n/a	n/a	n/a
4,241,956	4,054,658	4,432,326	4,744,864	7,506,226	5,303,605
\$9,904,897	\$9,618,626	\$9,567,259	\$11,865,746	\$17,636,060	\$15,935,895

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

	2003	2004	2005	2006
Revenues				
Property Taxes	\$24,186,901	\$32,761,249	\$29,811,003	\$31,621,162
Intergovernmental	10,480,631	11,440,394	11,619,390	11,570,058
Interest	88,781	79,545	245,241	525,868
Tuition and Fees	174,784	557,370	332,735	305,125
Extracurricular Activities	274,061	182,504	225,983	227,206
Contributions and Donations	79,368	95,195	162,908	123,105
Charges for Services	1,040,802	1,088,120	1,154,091	1,203,212
Rentals	33,260	57,500	59,358	51,989
Miscellaneous	211,124	202,237	104,187	89,824
<i>Total Revenues</i>	<u>36,569,712</u>	<u>46,464,114</u>	<u>43,714,896</u>	<u>45,717,549</u>
Expenditures				
Current:				
Instruction:				
Regular	16,301,818	16,937,356	17,952,372	18,458,518
Special	2,882,418	3,322,726	3,590,761	3,877,343
Vocational	174,975	92,605	182,888	168,184
Student Intervention Services	0	0	0	0
Support Services:				
Pupil	1,810,813	1,881,898	2,051,487	2,161,006
Instructional Staff	2,089,874	2,371,198	2,803,076	2,631,753
Board of Education	18,060	27,367	32,209	32,661
Administration	2,670,552	2,646,460	2,732,941	2,809,307
Fiscal	773,273	884,703	927,855	995,258
Business	215,157	279,716	299,538	286,639
Operation and Maintenance of Plant	2,801,943	2,959,316	3,345,796	3,569,376
Pupil Transportation	2,014,230	2,393,572	2,625,312	2,812,288
Central	253,322	294,075	330,191	418,949
Operation of Non-Instructional Services	650,522	645,440	819,413	771,554
Operation of Food Services	1,203,507	1,283,994	1,343,360	1,313,791
Extracurricular Activities	809,598	826,667	915,181	931,901
Capital Outlay	631,320	1,255,125	1,242,520	1,025,493
Debt Service:				
Principal Retirement	1,390,000	1,435,000	1,480,000	1,935,000
Interest and Fiscal Charges	1,240,693	845,566	828,558	788,646
Capital Appreciation Bonds Interest	0	348,943	0	0
Bond Issuance Costs	0	0	198,293	0
<i>Total Expenditures</i>	<u>37,932,075</u>	<u>40,731,727</u>	<u>43,701,751</u>	<u>44,987,667</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>(1,362,363)</u>	<u>5,732,387</u>	<u>13,145</u>	<u>729,882</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	22,344	37,000	0	4,500
General Obligation Bonds Issued	0	0	14,424,974	0
Certificate of Participation Issued	0	0	0	0
Premium on General Obligation Bonds Issued	0	0	2,120,721	0
Discount on Certificate of Participation Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	(16,345,863)	0
Transfers In	35,500	35,500	80,500	155,500
Transfers Out	(35,500)	(35,500)	(80,500)	(155,500)
<i>Total Other Financing Sources (Uses)</i>	<u>22,344</u>	<u>37,000</u>	<u>199,832</u>	<u>4,500</u>
<i>Net Change in Fund Balances</i>	<u>(\$1,340,019)</u>	<u>\$5,769,387</u>	<u>\$212,977</u>	<u>\$734,382</u>
<i>Debt Service as a Percentage of</i>				
<i>Noncapital Expenditures</i>	7.05%	6.66%	5.90%	6.20%

2007	2008	2009	2010	2011	2012
\$33,415,877	\$34,205,019	\$33,945,326	\$34,620,543	\$38,483,074	\$37,940,035
11,818,103	12,556,835	13,459,733	14,582,445	14,834,568	13,314,136
864,152	820,943	481,638	160,026	66,759	62,955
381,057	322,892	305,695	347,196	319,092	438,848
215,637	241,921	397,324	554,175	534,062	515,033
109,605	108,329	116,798	115,798	544,650	331,729
1,240,255	1,278,303	1,175,407	1,078,024	1,025,353	1,016,198
58,872	62,488	53,711	68,603	593,633	92,960
103,302	179,473	195,241	324,058	229,778	177,206
48,206,860	49,776,203	50,130,873	51,850,868	56,630,969	53,889,100
19,290,075	20,407,395	21,503,101	21,295,590	23,738,921	24,403,267
4,515,969	4,735,179	4,067,766	4,304,154	3,122,539	3,207,668
186,400	179,747	196,590	192,427	195,579	197,782
0	0	1,600,301	1,901,290	1,138,060	1,189,179
2,356,571	2,469,230	2,544,283	2,542,093	2,830,579	2,833,344
3,027,227	2,928,773	2,253,825	1,964,190	2,874,452	2,713,289
35,706	38,657	27,253	37,330	85,366	37,533
3,054,205	3,292,509	3,305,585	3,333,173	3,898,949	3,655,960
950,820	1,026,711	1,058,988	1,134,329	1,154,314	1,229,812
297,493	317,103	334,570	310,387	335,207	354,056
3,548,421	3,638,912	3,579,539	3,239,354	3,597,065	3,488,977
2,965,680	3,029,463	2,802,742	3,361,002	3,106,555	3,273,926
452,042	557,250	597,043	485,603	509,548	563,885
761,606	915,948	764,229	721,145	703,028	749,770
1,299,759	1,408,263	1,375,593	1,330,059	1,301,456	1,251,036
954,755	967,013	966,033	994,174	1,053,701	1,041,968
1,247,094	1,828,259	647,255	582,324	2,208,190	3,497,902
1,930,000	1,241,594	1,243,984	525,137	165,697	1,380,000
693,899	628,495	567,299	534,382	522,684	519,911
0	728,406	751,016	774,863	1,214,303	0
0	0	0	0	129,697	0
47,567,722	50,338,907	50,186,995	49,563,006	53,885,890	55,589,265
639,138	(562,704)	(56,122)	2,287,862	2,745,079	(1,700,165)
4,000	276,433	4,755	10,625	0	0
0	0	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
147,000	147,000	225,000	226,000	158,000	118,000
(147,000)	(147,000)	(225,000)	(226,000)	(158,000)	(118,000)
4,000	276,433	4,755	10,625	3,025,235	0
\$643,138	(\$286,271)	(\$51,367)	\$2,298,487	\$5,770,314	(\$1,700,165)
5.61%	5.30%	5.15%	3.80%	3.76%	3.51%

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

Collection Year	Real Property			Estimated Actual Value	Tangible
	Assessed Value				General
	Residential/ Agricultural	Commercial/ Industrial	Total		Assessed Value
2003	\$651,970,300	\$127,003,500	\$778,973,800	\$2,225,639,429	\$30,116,086
2004	714,571,850	136,287,030	850,858,880	2,431,025,371	28,710,170
2005	750,490,800	138,749,800	889,240,600	2,540,687,429	25,647,714
2006	790,921,970	140,998,620	931,920,590	2,662,630,257	29,503,890
2007	892,068,420	157,094,370	1,049,162,790	2,997,607,971	23,533,932
2008	906,951,690	160,657,050	1,067,608,740	3,050,310,686	7,052,513
2009	893,437,546	173,990,824	1,067,428,370	3,049,795,343	3,526,257
2010	860,369,751	167,551,099	1,027,920,850	2,936,916,714	0
2011	885,827,130	148,183,220	1,034,010,350	2,954,315,286	0
2012	890,386,710	149,838,910	1,040,225,620	2,972,073,200	0

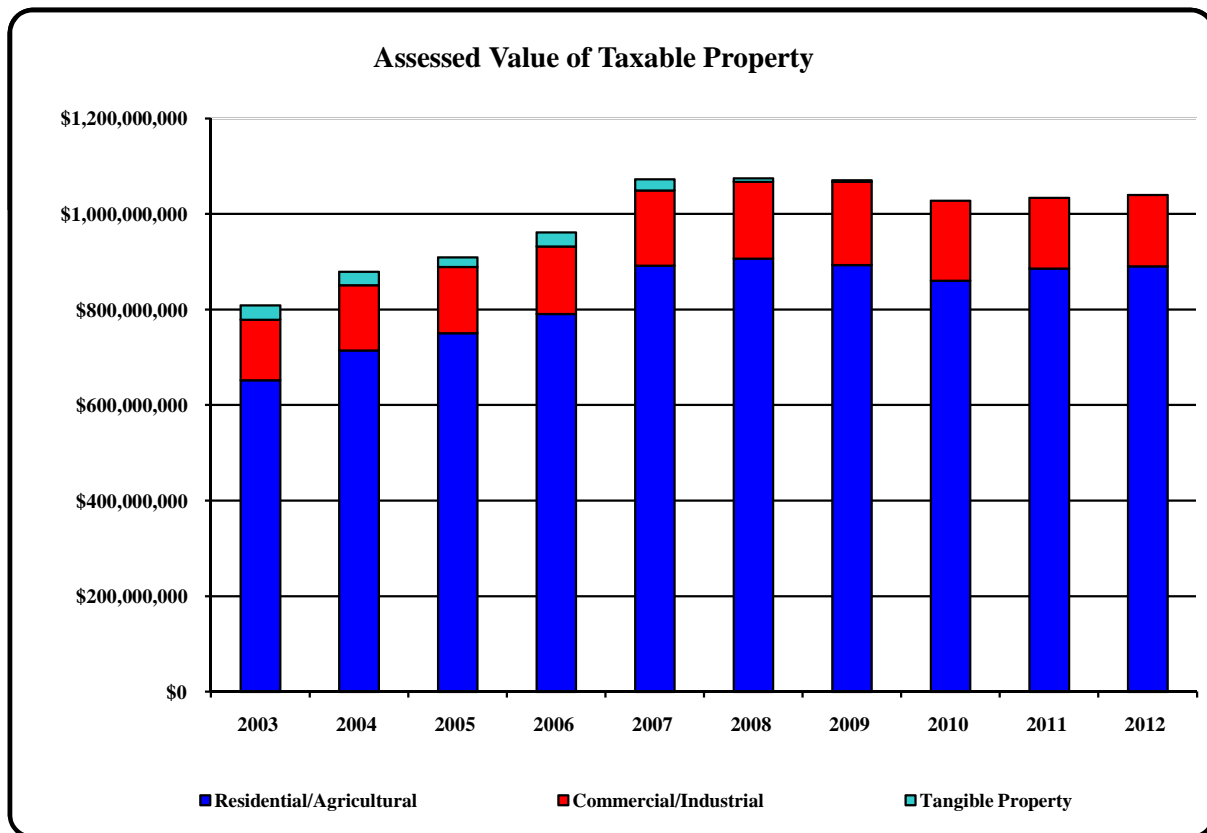
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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

Personal Property	Tangible Personal Property		Total		
Business	Public Utility				
Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Weighted Average Tax Rate
\$120,464,344	\$20,709,590	\$23,533,625	\$829,799,476	\$2,369,637,398	\$39.93739
124,826,826	20,459,520	23,249,455	900,028,570	2,579,101,652	38.37126
111,511,800	19,944,270	22,663,943	934,832,584	2,674,863,172	37.82423
157,354,080	17,260,620	19,614,341	978,685,100	2,839,598,678	37.11332
188,271,456	17,952,160	20,400,182	1,090,648,882	3,206,279,609	35.65467
112,840,208	14,318,510	16,271,034	1,088,979,763	3,179,421,928	34.99258
56,420,104	15,178,170	17,247,920	1,086,132,797	3,123,463,367	28.11395
0	16,176,820	18,382,750	1,044,097,670	2,955,299,464	27.87710
0	17,182,820	19,525,932	1,051,193,170	2,973,841,218	35.78715
0	17,900,300	20,341,250	1,058,125,920	2,992,414,450	35.72622



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

	2003	2004	2005	2006
Unvoted Millage				
Operating	\$6.000000	\$6.000000	\$6.000000	\$6.000000
Voted Millage - by levy				
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	13.050000	13.092800	13.101000	13.104600
Commercial/Industrial	12.820500	12.862200	12.865000	12.947600
Tangible/Public Utility Personal	36.100000	36.100000	36.100000	36.100000
1977 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	1.071500	1.058600	1.056200	1.055100
Commercial/Industrial	1.153600	1.140300	1.139400	1.146700
Tangible/Public Utility Personal	2.500000	2.500000	2.500000	2.500000
1987 Bond (\$7,750,000)	0.800000	0.800000	0.800000	0.900000
1988 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	0.878500	0.848600	0.842900	0.840400
Commercial/Industrial	1.025900	0.997600	0.995700	1.002100
Tangible/Public Utility Personal	1.500000	1.500000	1.500000	1.500000
1994 Bond (\$24,000,000)	2.600000	2.300000	2.200000	2.100000
1995 Emergency (\$2,900,000) (1)	3.700000	3.400000	3.300000	0.000000
1996 Emergency (\$3,795,000) (2)	4.800000	4.400000	4.300000	0.000000
2002 Emergency (\$4,395,000)	5.500000	5.100000	5.000000	4.700000
2005 Emergency (\$6,695,000)	0.000000	0.000000	0.000000	7.200000
2007 Emergency (\$4,395,000)	0.000000	0.000000	0.000000	0.000000
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
Total Effective Voted Millage by type of property				
Residential/Agricultural	32.400000	31.000000	30.600100	29.900100
Commercial/Industrial	32.400000	31.000100	30.600100	29.996400
Tangible/Public Utility Personal	57.500000	56.100000	55.700000	55.000000
Total Effective Millage by type of property				
Residential/Agricultural	38.400000	37.000000	36.600100	35.900100
Commercial/Industrial	38.400000	37.000100	36.600100	35.996400
Tangible/Public Utility Personal	63.500000	62.100000	61.700000	61.000000

2007	2008	2009	2010	2011	2012
<u>\$6.000000</u>	<u>\$6.000000</u>	<u>\$6.000000</u>	<u>\$5.000000</u>	<u>\$5.000000</u>	<u>\$5.000000</u>
\$13.161000	\$13.161400	\$13.161600	\$13.816300	\$13.810000	\$13.830000
12.899900	12.899900	13.248100	13.283900	13.230000	13.267700
36.100000	36.100000	36.100000	36.100000	36.100000	36.100000
1.038100	1.038000	1.038000	1.089600	1.089100	1.090700
1.128200	1.128200	1.158700	1.161800	1.157100	1.160400
2.500000	2.500000	2.500000	2.500000	2.500000	2.500000
0.700000	0.500000	0.800000	0.000000	0.000000	0.000000
0.800800	0.800600	0.800500	0.840300	0.839900	0.841100
0.971900	0.971900	0.998100	1.000800	0.996800	0.999600
1.500000	1.500000	1.500000	1.500000	1.500000	1.500000
2.000000	2.000000	1.100000	1.900000	1.900000	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
4.400000	0.000000	0.000000	0.000000	0.000000	0.000000
6.600000	6.600000	6.500000	0.000000	0.000000	0.000000
0.000000	4.400000	4.300000	4.400000	4.400000	4.400000
0.000000	0.000000	0.000000	6.700000	6.700000	6.700000
0.000000	0.000000	0.000000	0.000000	6.700000	6.700000
<u>\$28.699900</u>	<u>\$28.500000</u>	<u>\$27.700100</u>	<u>\$28.746200</u>	<u>\$35.439000</u>	<u>\$35.361800</u>
28.700000	28.500000	28.104900	28.446500	35.083900	35.027700
<u>53.800000</u>	<u>53.600000</u>	<u>52.800000</u>	<u>53.100000</u>	<u>59.800000</u>	<u>59.700000</u>
<u>\$34.699900</u>	<u>\$34.500000</u>	<u>\$33.700100</u>	<u>\$33.746200</u>	<u>\$40.439000</u>	<u>\$40.361800</u>
34.700000	34.500000	34.104900	33.446500	40.083900	40.027700
<u>59.800000</u>	<u>59.600000</u>	<u>58.800000</u>	<u>58.100000</u>	<u>64.800000</u>	<u>64.700000</u>

(continued)

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

	2003	2004	2005	2006
Overlapping Rates by Taxing District				
City of North Royalton				
Effective Millage Rates				
Residential/Agricultural	\$6.339500	\$6.139900	\$6.131600	\$6.120300
Commercial/Industrial	6.793600	6.625000	6.596800	6.625300
Tangible/Public Utility Personal	8.200000	8.200000	8.200000	8.200000
City of Broadview Heights				
Effective Millage Rates				
Residential/Agricultural	6.405700	6.343900	6.330900	6.326500
Commercial/Industrial	7.003000	6.956500	6.953400	6.953200
Tangible/Public Utility Personal	9.400000	9.400000	9.400000	9.400000
Cuyahoga County				
Effective Millage Rates				
Residential/Agricultural	12.460900	13.442800	13.424600	14.172700
Commercial/Industrial	12.876400	14.736300	14.662400	15.281400
Tangible/Public Utility Personal	14.650000	16.450000	16.450000	16.450000
Cuyahoga County Library				
Effective Millage Rates				
Residential/Agricultural	1.256500	1.159300	1.993100	1.993500
Commercial/Industrial	1.205000	1.171500	1.989200	2.000000
Tangible/Public Utility Personal	1.400000	1.400000	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	1.275800	1.166100	1.845700	1.846500
Commercial/Industrial	1.344700	1.316600	1.839700	1.850000
Tangible/Public Utility Personal	1.550000	1.550000	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.

2007	2008	2009	2010	2011	2012
\$5.774100	\$5.770800	\$5.769800	\$5.911700	\$5.912900	\$5.917500
6.465800	6.468300	6.591400	6.621000	6.609600	6.621800
8.200000	8.200000	8.200000	8.200000	8.200000	8.200000
6.272500	6.273100	6.273770	6.315657	6.315265	6.316400
6.817300	6.814700	6.817285	6.800420	6.787837	6.786000
9.400000	9.400000	9.400000	9.400000	9.400000	9.400000
14.351600	14.355800	15.150600	13.178900	13.186600	13.118200
15.171600	15.121000	15.489300	12.845700	12.841200	12.784600
16.350000	16.350000	16.250000	13.320000	13.320000	13.220000
1.809300	1.808600	2.500000	2.500000	2.500000	2.500000
1.876400	1.871900	2.500000	2.500000	2.500000	2.500000
2.000000	2.000000	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
1.671500	1.672000	1.669800	1.806800	1.810600	1.818800
1.718700	1.712500	1.717100	1.724900	1.724300	1.735400
1.850000	1.850000	1.850000	1.850000	1.850000	1.850000

North Royalton City School District

Property Tax Levies and Collections (1)

Last Ten Years

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2002	\$28,751,361	\$27,596,484	95.98%	\$784,292	\$28,380,776	98.71%
2003	36,339,103	32,846,659	90.39	1,015,315	33,861,974	93.18
2004	36,868,413	34,061,837	92.39	886,993	34,948,830	94.79
2005	37,663,289	35,455,548	94.14	900,530	36,356,078	96.53
2006	38,967,809	35,586,595	91.32	697,313	36,283,908	93.11
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	1,901,574	44,803,376	101.56

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) The 2012 information cannot be presented because all collections have not been made by June 30, 2012.

(3) The County does not maintain delinquency information by tax year.

North Royalton City School District

Principal Taxpayers

Real Estate Tax

2012 and 2003

Name of Taxpayer	2012	
	Assessed Value	Percent of Real Property Assessed Value
Spruce Lake, LTD	\$7,629,760	0.73 %
Hampton Club Company	7,163,330	0.69
JVM Royal Oaks Apartments	6,557,600	0.63
JVM Dover Farms Apartments	5,565,010	0.53
I & J Associates, LTD	3,539,870	0.34
Deer Creek Apt. LTD	3,360,010	0.32
Oak Brook Garden Apartments	3,243,600	0.32
Diplomate Land Holdings	3,213,010	0.31
Pine Forest Apartments	3,202,500	0.31
Shadow Creek Enterprises, LTD	2,819,540	0.27
Total	\$46,294,230	4.45 %
Total Real Estate Assessed Valuation	\$1,040,225,620	
Name of Taxpayer	2003	
	Assessed Value	Percent of Real Property Assessed Value
Spruce Lake, Ltd.	\$8,050,010	1.03 %
CAPREIT Royalton	6,603,670	0.85
Pulte Homes	5,821,350	0.75
MCI Communications Corporation	5,427,490	0.70
M & J - Dover Farms Apartments	5,373,030	0.69
I & J Associates, Limited	3,811,680	0.49
Deer Creek Apartments, Limited	3,776,990	0.48
Oak Brook Garden Apartments	3,670,280	0.47
Pine Forest Apartments	3,514,740	0.45
Spartan House, Limited	3,088,650	0.40
Total	\$49,137,890	6.31 %
Total Real Estate Assessed Valuation	\$778,973,800	

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

North Royalton City School District

Principal Taxpayers

Public Utilities Tax

2012 and 2003

Name of Taxpayer	2012	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$13,277,470	74.18 %
Columbia Gas of Ohio, Inc.	2,237,230	12.50
American Transmission System	118,580	0.66
Total	\$15,633,280	87.34 %
Total Public Utility Valuation	\$17,900,300	
Name of Taxpayer	2003	
	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$9,863,420	47.63 %
Ohio Bell Telephone Company	4,087,100	19.74
MCI Telecommunications Corp.	1,445,540	6.98
Total	\$15,396,060	74.34 %
Total Public Utility Valuation	\$20,709,590	

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

North Royalton City School District

Computation of Direct and Overlapping

Governmental Activities Debt

December 31, 2011

	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount of Direct and Overlapping Debt</u>
Direct:			
North Royalton City School District General Obligation Bonds	<u>\$15,795,562</u>	100.00%	<u>\$15,795,562</u>
Overlapping:			
City of North Royalton			
General Obligation Bonds	8,738,471	98.56	8,612,637
Special Assessment Bonds	1,363,530	98.56	1,343,895
Capital Lease Obligations	78,349	98.56	77,221
Police and Fire Pension	117,374	98.56	115,684
OPWC Loans	365,484	98.56	360,221
City of Broadview Heights			
General Obligation Bonds	4,823,164	18.38	886,498
Special Assessment Bonds	2,255,615	18.38	414,582
OWDA Loans	1,201,183	18.38	220,777
Revolving Loan	107,565	18.38	19,770
OPWC Loans	150,000	18.38	27,570
Cuyahoga County			
General Obligation Bonds	297,256,552	3.05	9,066,325
Capital Lease Obligations	16,248,778	3.05	495,588
Loans Payable	8,400,546	3.05	256,217
Regional Transit Authority			
General Obligation Bonds	146,708,371	3.05	4,474,605
Capital Lease Obligation	<u>19,365,767</u>	3.05	<u>590,656</u>
Total Overlapping	<u>507,180,749</u>		<u>26,962,245</u>
Total	<u><u>\$522,976,311</u></u>		<u><u>\$42,757,807</u></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 2012 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	Estimated Actual Value	Bonded Debt	Ratio of Bonded Debt to Estimated Actual Value	Ratio of Bonded Debt to Personal Income (1)	Bonded Debt per Capita (2)
2003	\$2,369,637,398	\$23,600,179	1.00 %	3.10 %	\$824
2004	2,579,101,652	22,455,319	0.87	2.95	784
2005	2,674,863,172	21,469,751	0.80	2.82	749
2006	2,839,598,678	19,898,979	0.70	2.61	695
2007	3,206,279,609	18,398,102	0.57	2.41	642
2008	3,179,421,928	16,916,326	0.53	2.22	590
2009	3,123,463,367	15,462,270	0.50	2.03	540
2010	2,955,299,464	14,806,925	0.50	1.94	517
2011	2,973,841,218	16,997,212	0.57	1.75	558
2012	2,992,414,450	15,795,562	0.53	1.63	519

(1) The personal income can be found on S24

(2) The population can be found S24

(3) 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.

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

This page intentionally left blank.

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

	2003	2004	2005	2006 (1)
Residential/Agricultural Real Property	\$652,001,071	\$712,168,883	\$744,294,382	\$780,017,534
Commercial/Industrial Real Property	126,972,729	138,689,997	144,946,218	151,903,056
Tangible Personal Property	30,116,086	28,710,170	25,647,714	29,503,890
Public Utility Tangible	20,709,590	20,459,520	19,944,270	17,260,620
Less: Rail Road and Telephone Tangible Property	0	0	0	(33,657,710)
Assessed Valuation	<u>\$829,799,476</u>	<u>\$900,028,570</u>	<u>\$934,832,584</u>	<u>\$945,027,390</u>
Debt Limit - 9% of Assessed Value (2)	\$74,681,953	\$81,002,571	\$84,134,933	\$85,052,465
Amount of Debt Outstanding				
General Obligation Bonds	21,657,123	20,571,066	19,454,079	17,895,689
Less Amount Available in Debt Service	<u>(2,388,460)</u>	<u>(2,782,034)</u>	<u>(3,130,487)</u>	<u>(3,282,793)</u>
Amount of Debt Subject to Limit	<u>19,268,663</u>	<u>17,789,032</u>	<u>16,323,592</u>	<u>14,612,896</u>
Overall Debt Margin	<u>\$55,413,290</u>	<u>\$63,213,539</u>	<u>\$67,811,341</u>	<u>\$70,439,569</u>
Legal Debt Margin as a Percentage of Debt Limit	74.20%	78.04%	80.60%	82.82%
Unvoted Legal Debt Limit - .10% of Assessed Value (2)	\$829,799	\$900,029	\$934,833	\$945,027
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Debt Margin	<u>\$829,799</u>	<u>\$900,029</u>	<u>\$934,833</u>	<u>\$945,027</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.

2007 (1)	2008 (1)	2009 (1)	2010	2011	2012
\$878,149,255	\$893,588,515	\$893,437,546	\$860,369,751	\$885,827,130	\$890,386,710
171,013,535	174,020,225	173,990,824	167,551,099	148,183,220	149,838,910
23,533,932	7,052,513	3,526,257	0	0	0
17,952,160	14,318,510	15,178,170	16,176,820	17,182,820	17,900,300
(27,632,182)	(10,089,603)	0	0	0	0
<u>\$1,063,016,700</u>	<u>\$1,078,890,160</u>	<u>\$1,086,132,797</u>	<u>\$1,044,097,670</u>	<u>\$1,051,193,170</u>	<u>\$1,058,125,920</u>
\$95,671,503	\$97,100,114	\$97,751,952	\$93,968,790	\$94,607,385	\$95,231,333
15,965,689	14,724,095	13,480,111	12,954,974	15,859,277	15,745,000
(3,546,596)	(3,763,757)	(3,225,464)	(3,635,223)	(3,735,956)	(3,747,744)
<u>12,419,093</u>	<u>10,960,338</u>	<u>10,254,647</u>	<u>9,319,751</u>	<u>12,123,321</u>	<u>11,997,256</u>
<u>\$83,252,410</u>	<u>\$86,139,776</u>	<u>\$87,497,305</u>	<u>\$84,649,039</u>	<u>\$82,484,064</u>	<u>\$83,234,077</u>
87.02%	88.71%	89.51%	90.08%	87.19%	87.40%
\$1,063,017	\$1,078,890	\$1,086,133	\$1,044,098	\$1,051,193	\$1,058,126
0	0	0	0	0	0
<u>\$1,063,017</u>	<u>\$1,078,890</u>	<u>\$1,086,133</u>	<u>\$1,044,098</u>	<u>\$1,051,193</u>	<u>\$1,058,126</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

Year	Estimated Population	Total Personal Income	Personal Income Per Capita	Median Household Income	Median Age
2003	28,648	\$762,323,280	26,610	\$57,398	38.60
2004	28,648	762,323,280	26,610	57,398	38.60
2005	28,648	762,323,280	26,610	57,398	38.60
2006	28,648	762,323,280	26,610	57,398	38.60
2007	28,648	762,323,280	26,610	57,398	38.60
2008	28,648	762,323,280	26,610	57,398	38.60
2009	28,648	762,323,280	26,610	57,398	38.60
2010	28,648	762,323,280	26,610	57,398	38.60
2011	30,444	971,194,044	31,901	61,954	38.60
2012	30,444	971,194,044	31,901	61,954	38.60

Source: U.S. Census Bureau
2003-2010, 2000 Census
2011-2012, 2010 Census

1) Information includes only the City of North Royalton.

Median Value of Residential Property	Cuyahoga County Unemployment Rate	Total Assessed Property Value
\$175,000	6.7	\$829,799,476
175,000	6.6	900,028,570
175,000	6.6	934,832,584
175,000	9.6	978,685,100
175,000	6.3	1,090,648,882
175,000	7.4	1,088,979,763
175,000	10.2	1,086,132,797
175,000	9.7	1,044,097,670
199,200	8.6	1,051,193,170
199,200	8.2	1,058,125,920

North Royalton City School District
Principal Employers
December 31, 2011 and December 31, 2005 (1)

2011			
Employer	City	Nature of Business or Activity	Number of Employees
North Royalton City School District	North Royalton	Public Education	566
City of North Royalton	North Royalton	Government	230
Riser Foods Company	North Royalton	Grocery Store	180
Northeast Care Center Inc.	North Royalton	Residential/Habilitative Service for Disability	170
Commercial Drivers	North Royalton	Transportation	135
Diplomate Care	North Royalton	Nursing Home	100
Valley Tool & Die Inc.	North Royalton	Machine Fasteners	75
Royal Wire Products Inc.	North Royalton	Wire Products	65
Seneca Tape and Label, Inc.	North Royalton	Tape and Label Services	40
Krenz Krist	North Royalton	Metal Fabricatives	35
Total			<u>1,596</u>
Total Employment within the School District			<u>n/a</u>

2005			
Employer	City	Nature of Business or Activity	Number of Employees
North Royalton City School District	North Royalton	Public Education	541
Patrician Inc.	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 Inc.	North Royalton	Residential/Habilitative Services for the Disabled	150
Krenz Krist	North Royalton	Metal Fabricators	75
Valley Tool & Die Inc.	North Royalton	Machining Fasteners	64
Royal Wire Products Inc.	North Royalton	Wire Products	50
Seneca Tape and Label, Inc.	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 not available.

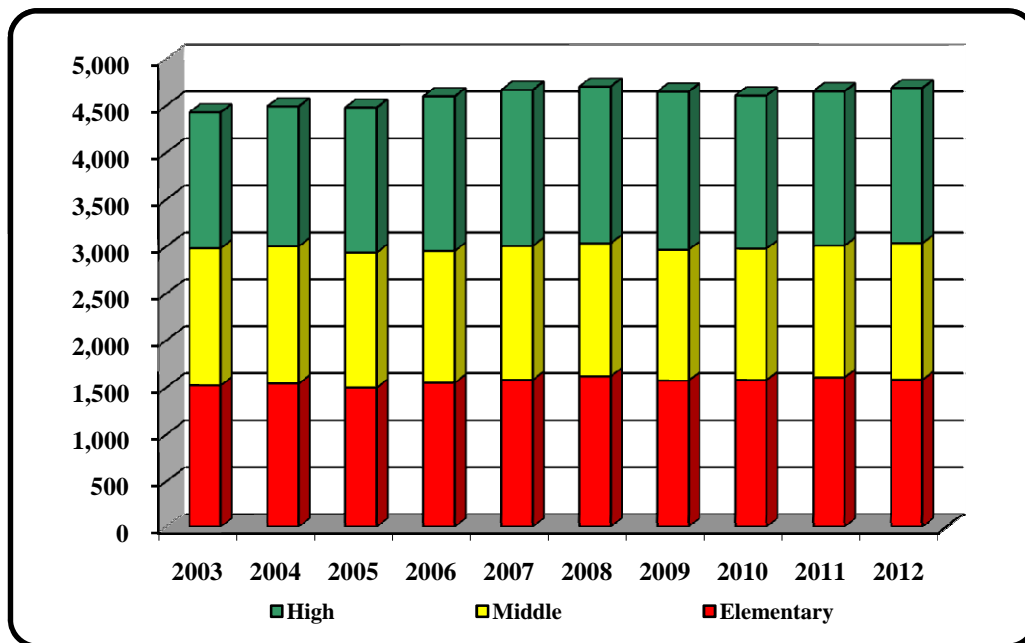
n/a - Information not available

North Royalton City School District

Enrollment Statistics

Last Ten Fiscal Years

Fiscal Year	Elementary Schools (1)	Middle School	High School	Total
2003	1,524	1,459	1,445	4,428
2004	1,543	1,460	1,488	4,491
2005	1,501	1,438	1,541	4,480
2006	1,551	1,404	1,644	4,599
2007	1,581	1,425	1,660	4,666
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



Source: North Royalton City School Records

(1) Enrollment includes Kindergarten students

North Royalton City School District

Building Statistics by Function/Program

Last Nine Fiscal Years (1)

	2004	2005	2006
Albion Elementary School			
Constructed in 1955			
Total Building Square Footage	45,405	45,505	45,505
Enrollment Grades 1 - 4	396	372	365
Student Capacity	476	476	476
Regular Instruction Classrooms	20	18	18
Regular Instruction Teachers	20	18	18
Special Instruction Classrooms	3	3	3
Special Instruction Teachers	3	3	3
Royal View Elementary School			
Constructed in 1965			
Total Building Square Footage	48,460	48,460	48,460
Enrollment Grades 1 - 4	481	439	420
Student Capacity	525	525	525
Regular Instruction Classrooms	24	24	24
Regular Instruction Teachers	24	24	24
Special Instruction Classrooms	2	2	3
Special Instruction Teachers	2	2	3
Valley Vista Elementary School			
Constructed in 1959			
Total Building Square Footage	42,536	42,536	42,536
Enrollment Grades 1 - 4	338	380	403
Student Capacity	426	426	426
Regular Instruction Classrooms	18	19	18
Regular Instruction Teachers	18	19	18
Special Instruction Classrooms	2	2	2
Special Instruction Teachers	2	2	2
North Royalton Middle School			
Constructed in 1996			
Total Building Square Footage	242,400	242,400	242,400
Enrollment Grades 5 - 8	1,460	1,438	1,404
Student Capacity	1,300	1,300	1,300
Regular Instruction Classrooms	58	61	64
Regular Instruction Teachers	58	61	64
Special Instruction Classrooms	11	11	10
Special Instruction Teachers	11	11	10
High School			
Constructed in 1950			
Total Building Square Footage	260,900	260,900	260,900
Enrollment Grades 9 - 12	1,488	1,541	1,644
Student Capacity	1,480	1,480	1,480
Regular Instruction Classrooms	61	64	64
Regular Instruction Teachers	61	64	64
Special Instruction Classrooms	8	8	9
Special Instruction Teachers	8	8	9

Source: North Royalton City School District Records

(1) Information prior to 2004 is not available.

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

2007	2008	2009	2010	2011	2012
45,505	45,405	45,405	45,405	45,405	45,405
382	390	398	389	407	437
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
439	445	440	470	446	441
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
430	423	424	396	393	390
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
1,425	1,416	1,393	1,399	1,403	1,453
1,300	1,300	1,300	1,300	1,300	1,300
64	64	64	64	64	64
64	10	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
1,660	1,667	1,681	1,628	1,641	1,651
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

Fiscal Year	Student Enrollment		General Governmental	
	Average Enrollment	Percentage of Change	Total Expenditures (1)	Per Pupil Cost
2003	4,428	1.63 %	\$35,301,382	\$7,972
2004	4,491	1.42	38,102,218	8,484
2005	4,480	(0.24)	41,194,900	9,195
2006	4,599	2.66	42,264,021	9,190
2007	4,666	1.46	44,943,823	9,632
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

(1) Debt Service totals have been excluded.

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

Governmental Activities		Food Service Operations	
Total Expenses (1)(2)	Per Pupil Cost	Number of Students Receiving Free or Reduced Lunch	Percentage of Free or Reduced Lunches to Total Enrollment
\$36,357,072	\$8,211	303	6.84%
38,249,947	8,517	377	8.39
41,768,390	9,323	394	8.79
43,196,390	9,393	429	9.33
45,939,730	9,846	433	9.28
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

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

Function/Program	2003	2004	2005	2006
Regular Instruction				
Elementary Classroom Teachers	75	76	75	76
Middle School Classroom Teachers	71	69	72	74
High School Classroom Teachers	66	67	70	71
Special Instruction				
Small Group Instructors	10	7	6	10
Elementary Classroom Teachers	9	9	10	12
Gifted Education Teachers	3	3	3	3
Middle School Classroom Teachers	10	11	11	10
High School Classroom Teachers	7	8	8	9
Vocational Instruction				
High School Classroom Teachers	2	2	2	2
Pupil Support Services				
Guidance Counselors	11	10	10	11
Media Specialists	4	4	4	2
Psychologists	5	5	5	6
Speech and Language Pathologists	4	4	4	4
Administrators				
Elementary	3	3	3	3
Middle School	3	3	3	3
High School	4	4	4	4
Districtwide	5	6	6	6
Total Certificated Staff	292	291	296	306
Support Staff				
Elementary Schools	56	63	70	72
Middle School	55	54	52	52
High School	52	51	51	54
Districtwide	70	75	72	77
Total Support Staff	233	243	245	255
Total Staffing	525	534	541	561

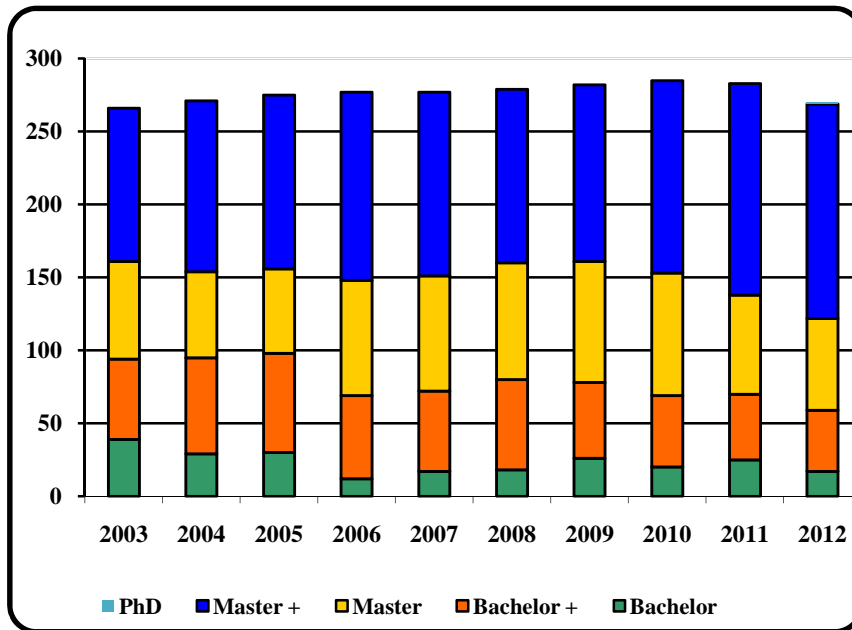
Method: Using 1.0 for each full-time employee at fiscal year end.

Source: North Royalton City School District Records

2007	2008	2009	2010	2011	2012
82	83	87	83	81	81
74	74	79	78	78	76
73	75	78	76	79	73
10	10	10	10	10	7
13	13	13	13	13	14
3	3	3	3	3	3
10	10	10	10	10	10
9	9	10	9	9	10
2	2	2	2	2	2
11	10	11	11	11	11
4	4	4	4	4	2
6	5	4	4	4	5
5	6	6	6	6	5
4	4	4	4	4	4
3	4	4	4	4	3
4	4	4	4	4	4
6	6	6	6	6	6
<u>319</u>	<u>322</u>	<u>335</u>	<u>327</u>	<u>328</u>	<u>316</u>
74	72	67	69	69	66
53	54	48	49	49	48
54	53	49	52	52	52
75	77	79	84	84	84
<u>256</u>	<u>256</u>	<u>243</u>	<u>254</u>	<u>254</u>	<u>250</u>
<u>575</u>	<u>578</u>	<u>578</u>	<u>581</u>	<u>582</u>	<u>566</u>

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

Degree	2003	2004	2005	2006
Bachelor	39	29	30	12
Bachelor +6	6	8	9	8
Bachelor +12	12	13	13	8
Bachelor +18	7	11	11	10
Bachelor +24	8	8	9	8
Bachelor +30	22	26	26	23
Master	67	59	58	79
Master +6	21	23	23	28
Master +12	44	45	46	45
Master +18	16	20	20	19
Master +24	5	6	7	8
Master +30	4	7	7	7
Master +36	4	4	4	10
Master +42	2	2	2	0
Master +48	9	10	10	12
PhD	0	0	0	0
Total	266	271	275	277



Source: School District Records

2007	2008	2009	2010	2011	2012
17	18	26	20	25	17
9	10	7	8	7	6
9	13	5	6	7	3
10	11	9	7	6	8
7	6	9	3	2	3
20	22	22	25	23	22
79	80	83	84	68	63
26	26	27	37	49	47
45	48	45	42	42	39
21	21	23	23	23	26
6	6	8	8	9	9
6	4	4	7	8	8
8	3	1	2	2	5
2	1	3	3	3	5
12	10	10	10	9	8
0	0	0	0	1	1
<u>277</u>	<u>279</u>	<u>282</u>	<u>285</u>	<u>284</u>	<u>270</u>

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

School Year	North Royalton Average	State Average
2002 - 2003	16.6	16.6
2003 - 2004	16.6	18.5
2004 - 2005	16.3	18.0
2005 - 2006	16.6	18.4
2006 - 2007	16.8	19.6
2007 - 2008	16.8	18.6
2008 - 2009	16.5	19.4
2009 - 2010	16.2	18.5
2010 - 2011	16.4	N/A
2011 - 2012	17.4	N/A

Source: Ohio Department of Education, EMIS Reports

N/A: Not Available

